

Harnessing Carbon Offsets and Renewable Energy Certificates (RECs) for Authentic Decarbonisation (Corporate Retirement) - Northmore Gordon

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latest grants and programs Energy Audit & Assessments Identify cost and emissions reductions Energy Optimisation Metering & Monitoring, Feasibility Studies, EnMS and ISO50001, & Benchmarking Strategic Energy Sourcing Feasibility & Assessments: Renewables, PPAs or Certificates Compressed Air Services Air Compressor Leak Audits, Surveys and Benchmarking EEO Assessments (SG) Singapore Energy Efficiency Assessments Energy Procurement Navigate energy markets with confidence Virtual Environmental Manager Leverage our teams wide experience Certificates Close Certificates Open Certificates Certificates Our Environmental Attribute Certificate services help businesses accelerate technology adoption, improve project ROI, and manage claims of renewable energy, energy efficiency and carbon offset 1 carbon offset = 1 tonne of CO₂-e avoided or removed from the atmosphere. Avoided emissions covers activities that alter behaviour that would have otherwise caused emissions such as energy efficiency improvements or avoided deforestation. Removal covers activities that permanently remove CO₂ from the atmosphere such as new forestry plantations, soil carbon improvement or carbon capture and storage. certificates Live Certificate Prices The value of certificates change day-to-day, check todays prices Solar VEECs (VEU PBA) VEU PBA for Large-scale Solar Measurement & Verification (VEU & ESS) M&V; for Large C&I; Efficiency Projects (VEU PBA & ESS PIAM&V;) BESS Calculator Estimate the Peak Reduction Certificate revenue available to your NSW battery project in minutes ERF & Carbon Credit Registration ACCUs for Emission Reduction Projects Boiler Upgrades (VEU & ESS) NSW & VIC Boiler Rebates REC Registration (I-RECs & LGCs) Register renewable assets for I-RECs and LGCs Trade RECs & Carbon with us Trade Local & International Environmental Attribute Certificates moREnewable100 (RECs & Offsets) Reach Global Sustainability Goals with Certificates and Offsets Deemed Certificates (VEU & ESS) NSW & VIC Rebates Global Certificates Environmental Attribute Certificates Australian Programs Australian EAC Programs Case Studies Sectors Articles Team More Close More Open More Northmore Gordon Learn more about Northmore Gordon with the latest news and insights, were to find us, and the extensive terminology used in emissions reductions About Us Who we are & what we do in energy efficiency & decarbonization. Locations Find our offices near you. Contact Us Get in touch with our team. Careers Join our team making a sustainability difference Articles Learn about energy efficiency & carbon reduction. Latest News Stay informed on industry developments. Government Updates Track policy changes impacting your energy use. Accreditations See our certifications for trusted service. Glossary Define key terms in emissions reduction. Harnessing Carbon Offsets and Renewable Energy Certificates (RECs) for Authentic Decarbonisation (Corporate Retirement) Northmore Gordon August 9, 2023 Articles Share this article Corporations and executives are now taking more active roles in environmental sustainability, shifting from 'business as usual' to a transformative paradigm where profits and the planet must co-exist harmoniously. As decarbonisation targets take centre stage, businesses globally and in Australia, are embracing instruments like carbon offsets and Renewable Energy Certificates (RECs I-RECs, GOs, TIGRs, LGCs, ZNECs, J-Credits) to lower their carbon footprints and to disclose or report progress against programs such as SBTi Science Based Targets initiative , RE100 RE100 is the global corporate renewable energy initiative bringing together large businesses committed to 100% renewable electricity. The members must be influential based on their either their brand, global presence, significant energy use or other characteristics that bring attention to their commitment. All companies must commit to purchasing 100% of their electricity from renewable sources by 2050 and purchase that power in the same location they are using it. Interim targets are 60% by 2030 and 90% by 2040. The program is led by the Climate Group in partnership with the CDP. More , Climate Active Climate Active is an accreditation program for Australian companies to certify their organisations, products, services, events, buildings or precincts as carbon neutral. The program is backed and administered by the Australian government. Companies have to measure their scope 1, 2 and material scope 3 emissions, reduce where possible and offset the remainder by purchasing and retiring offsets. Allowed offsets are LGCs for scope 2 and ACCUs, CERs, RMUs, VCUs or VERs for scope 1 or 3 emissions. Annual reporting is required and published on the Climate Active website. More , EKOenergy, TCFD The Task Force on Climate-related Financial Disclosures (TCFD) is an industry-led effort, chaired by Michael Bloomberg, with 32 global expert members from the private sector. The TCFD recommendations are designed to solicit consistent, decision-useful, forward-looking information on the material financial impacts of climate-related risks

and opportunities, including those related to the global transition to a lower-carbon economy. More , and CDP Carbon Disclosure Project (CDP) is a not-for-profit charity that runs the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. More . The credibility of these initiatives depends heavily on the quality of the environmental certificates, as not all are created equal, and some have recently come under fire. This article explores this range of quality, tools, and financial mechanisms and discusses strategies for avoiding greenwashing accusations to make use of what is still a very important mechanism for the world to decarbonise. Disclaimer: Northmore Gordon (NG) has a deep understanding of certificate markets, and the requirements of all the leading decarbonisation programs & protocols and helps customers build actual emission reduction pathways. NG has originated over 5 million certificates from a wide range of projects and has delivered for customers 'Buy & Retire' of certificates across 18 markets, covering 23 countries. NG holds an Australian Financial Services License. Information in this article is general in nature and shall not constitute advice. Understanding the use of RECs and Carbon Credits RECs and especially Carbon Credits, whilst providing an immediate solution are one mechanism to incentivise others to reduce emissions. Businesses should always be working in parallel on their own renewable energy assets and emissions reduction projects within their business. Internal projects, such as energy efficiency can have a negative long-term cost. Internal projects come at high CAPEX, whilst RECs and offsets come from OPEX budgets. Using Renewable Energy Certificates (RECs) RECs represent the environmental attributes of renewable energy production. By purchasing and retiring RECs, businesses claim the green benefits of the equivalent renewable energy generation for their site and promote renewable sector growth. International RECs (I-RECs) are globally recognised, while in Australia, businesses can purchase Large-scale Generation Certificates (LGCs). Understanding Carbon Credits to Offset Carbon offsets are credits generated by projects that reduce, avoid, or remove greenhouse gas (GHG Greenhouse gases trap heat in the atmosphere. They all have different global warming potentials (GWP) over different time frames, the higher the number, the worse the impact. For simplicity of accounting everything is referenced back to carbon dioxide which has a global warming potential of 1. There are over 200 GHGs listed in the IPCC fifth assessment report, a sample are below. Note that in current carbon accounting standards the 100 year GWP is used. Greenhouse gas 20 year GWP100 year GWPCarbon dioxide CO₂11Methane CH₄8428Hydrofluorocarbon HFC-134a37101300Chlorofluorocarbon CFC-1169004660Nitrous Oxide N₂O264265Sulfur hexafluoride SF₆17,50023,500) emissions. Companies buy and retire these credits to offset their own emissions. The range of projects offering these offsets can include forest conservation, replanting, renewable energy, methane capture, waste and wastewater treatment, energy efficiency projects, fuel switching and many others. Globally, Verified Carbon Standard (VCS Verified Carbon Standard is the program operated by Verra and is the most widely used voluntary greenhouse gas program internationally. Verified Carbon Units (VCUs) are created under the program. More), Gold Standard Accreditation scheme for voluntary carbon offset and renewable energy projects. The tradable instruments are Verified Emission Reductions (VERs). The Gold Standard label can also be applied to CERs and I-RECs where the project meets the Gold Standard requirements around sustainable development and project additionality. , and United Nations' Clean Development Mechanism (CDM A mechanism for non-Annex 1 countries to create carbon credits under the Kyoto protocol and sell those to Annex 1 countries to meet their Kyoto commitments. The tradeable instrument is known as a certified emission reduction (CER). The Kyoto commitment period ended 31 December 2020. The CDM is not formally recognised under the Paris Agreement and all new CERs are classified as provisional as at 1 Jan 2021. There is an expectation that a decision around the future of the CDM will be decided at COP26. There is still demand for CERs in the voluntary markets.) are popular choices. In Australia, the Carbon Farming Initiative (CFI The Carbon Farming Initiative (CFI) is a voluntary carbon offsets scheme. It is an integral component of the Emissions Reduction Fund and allows land managers to earn carbon credits by changing land use or management practices to store carbon or reduce greenhouse gas emissions.) aka the Emissions Reduction Fund (ERF The Emissions Reduction Fund is a voluntary scheme that aims to provide incentives for a range of organisations and individuals to adopt new practices and technologies to reduce their emissions.) is used by businesses seeking to offset emissions using Australian Carbon Credits Units (ACCUs). Choosing High-Quality Projects The

quality of RECs and Carbon Credits varies. A credible REC Renewable Energy Certificate or Offset (such as LGCs, I-RECs, some VCU, and ACCUs) are issued under a trusted certification body (e.g. Evident for I-RECs and the CER for LGCs) and represents renewable energy that is additional (i.e., the energy wouldn't have been generated without the incentive provided by the REC). Carbon Offsets have come under greater criticism than RECs; High-quality offsets are transparent, verifiable, permanent, and provide additional carbon reductions that wouldn't have happened without the offset project. They should be certified by reputable standard-setters like VCS or Gold Standard, which ensure the environmental integrity of the project and the offset. Today rating agencies (such as BeZero, Calyx, Sylvera, and IDEACarbon) now exist for Carbon Credits and RECs. When selecting projects for carbon offsets or RECs, businesses should screen projects and choose those: With strong environmental benefits (the type of project), From registered in recent years (new vintage), From stable countries with strong compliance (in the same country as their emissions), With co-benefits, such as social impact, local employment, and additional sustainability outcomes, Certified to high standards such as a Gold Standard project, and That aligns with their overall corporate image and goals

Avoiding Greenwashing

To avoid being accused of greenwashing (misleading or unsubstantiated claims about the environmental benefits) – businesses must ensure transparency in their decarbonisation efforts. The press and shareholder activists are exposing businesses using low-quality projects to offset their emissions or making improper claims. Accusations of greenwashing can be reduced by using Credible Standards & Registries, performing measurement and third-party verification, providing transparency & accuracy about the originating project and following The Integrity Council for Voluntary Markets "Core Carbon Principles" Financial Mechanisms for RECs and Carbon Credits

Planning a long-term decarbonisation strategy necessitates considering not just the environmental, but also the financial implications of engaging with offsets and RECs. Forward-looking financial strategies such as hedging, offtake agreements, options, and warehousing of offsets can provide companies with more control over their sustainability efforts while mitigating financial risks. Spot Purchase whilst the simplest contract, has the lowest counterparty risk, but the buyer is exposed and taking whatever the price is at the time. Hedging or Forward Contracts can be put in place to forward purchase RECs and Carbon Credits for risk management to avoid potential losses by price fluctuations. Strip (forward) contracts can fix prices for multiple years into the future. Warehousing is being used by companies due to the arbitrage that exists between current and future prices. High-quality carbon credits are expected to increase in price as low-cost abatement opportunities dry up. Options the right to buy (or sell) without the obligation, are generally harder to obtain or expensive, and not easily obtained for years into the future. Regulatory Risk means that the price of RECs and Carbon Credits are very sensitive to policy or regulatory changes. As CFOs, sustainability managers, and other executives navigate their decarbonisation journey, carbon offsets and RECs offer powerful tools to meet environmental goals. However, due diligence is critical in choosing the right projects and certificates to support genuine, effective climate action and avoid the pitfall of greenwashing. By aligning with robust standards, seeking third-party verification, and committing to transparency and science-based targets

The science based targets initiative (SBTi) is a partnership between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). Targets are considered 'science-based' if they are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement – limiting global warming to well-below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C. SBTi has specific sectoral guidance and is working on a Net-Zero standard. , businesses can not only help mitigate climate change but also build their credibility as sustainable leaders in their industry. Northmore Gordon has been advising businesses on their decarbonisation strategy for almost 15 years and can provide a full range of carbon, energy and certificate services for your business today. Carbon Credits , Carbon Emissions You may also like: The audit shock: Why companies aren't ready for NGRS and ASRS. Are you ready to publish your mandatory Climate Change Mitigation and Adaptation Plan (CCMAP) for NSW sites with Environment Protection Licences? Right Sizing for the Energy Transition – Why Metering & Monitoring Matters! Latest Updates ASRS Group 3: are you in scope and don't know it? September 18, 2026 Correct as at 13 September 2026. If your company is a large proprietary company, you [Read More »](#) Welcome to our August & September 2026 Compliance Update. September 1, 2026 This edition confirms Northmore Gordon's

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