

# Primary Purpose

Offsets are a commoditized and tradable reduction in GHG emissions. If the right conditions are met, then any GHG reductions action could be converted to an offset.

Use the 4 Gates to determine the initial feasibility of any GHG reduction project converting to an offset. If the GHG reduction project can pass each Gate, then review the process to create an offset, and begin if desired. If offset creation is determined not to be the appropriate path for the GHG reduction project, then consider alternative pathways to support implementation of the GHG reduction.

Note: It is rare for the right conditions to be met for converting a GHG reduction into an offset, and therefore most GHG reductions are not offsets.



4. Environmental

3. Financial Viability

2. Additional

# 1. Quality

Is there an existing protocol? If yes, go to Gate 2.  
If no, GHG reductions must meet all of the following criteria:

- **Real:** GHG emissions reduced below an established baseline, based on scientifically sound practices.
- **Quantifiable:** The ability to consistently manage, measure, and calculate the total quantity of GHG emissions reduced.
  - **Permanent:** The GHG reductions will last in perpetuity, without reversal.
- **Enforceable:** Offset credits must be supported by a regulatory or third party framework that guarantees transparency, traceability, and exclusive ownership.
- **Verifiable:** An auditing process performed by an accredited third party, to ensure the GHG reductions are calculated according to an approved protocol.

**If all 5 Quality Criteria are met,  
proceed to Gate 2.**



4. Environmental

3. Financial Viability

2. Additional

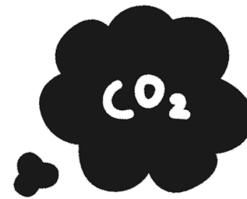


## 2. Additional

The GHG reduction project must be an additional project, not one that would have been created in a baseline scenario. The primary tests for determining additionality include:

- **Legal Requirement Test:** The GHG reduction is not required by any federal, state, or local law, statute, rule, regulation, ordinance, court order, or other binding mandate.
- **Performance Test:** The project achieves greater GHG reductions or removals than the standard performance threshold for the given project type, as determined and defined in the applicable protocols.

**Does the GHG reduction meet the  
Additionality Criteria?  
If yes, then proceed to Gate 3.**



Primary

4. Environmental Justice

3. Financial Viability

# 3. Financial Viability

- **Quantity** - What are the expected annual GHG reductions?
    - \* If the expected quantity of annual GHG reductions exceed 30,000 MTCO<sub>2</sub>e, then proceed to Costs below. If not, then reconsider offset creation or apply additional scrutiny to the analysis.
  - **Costs** - What are the expected costs per MTCO<sub>2</sub>e? What is the expected market value of the offset credits created?
    - \* Typical price for offsets range from ~\$2-15 per MTCO<sub>2</sub>e; however there are market outliers.
    - \* If the expected market value of the offset outweighs the cost, then proceed. If not, then reconsider offset creation or apply additional scrutiny to the analysis.
- Other financial aspects for additional scrutiny include access to aggregators, market and regularity risk profiles, target market for the project, etc.

**If financially feasible, then move to Gate 4.**



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4. Environmental Justice



# 4. Environmental Justice

- **Has climate change** been considered as a global issue where the solutions require an interconnected approach between global communities? If no, then reevaluate offset creation.
- **Will the GHG reduction** project adversely affect indigenous peoples or local communities it is developed in? If yes, then reevaluate offset creation.
- **Will the GHG reduction** project adversely affect developing communities or indigenous peoples around the world through shifts in supply and demand or resources? If yes, then reevaluate offset creation.



2. A

1. Quality

Primary Purpose

Justice