Carbon Offsets Footprint Fund

Overview of Footprint Fund and Definition of Carbon Offsets

The Footprint Fund is a new local carbon offset program being developed by Climate Smart Missoula and partners. It is an innovative financing tool that will advance the objectives of ongoing mitigation and resiliency efforts identified in Missoula's 100% Clean Electricity Options Report and Climate Ready Missoula: Building Resiliency in Missoula County. It is modeled on successful efforts across the country, and it will provide residents, businesses, nonprofits, and local government the opportunity to reduce their carbon footprint by purchasing carbon offsets that support local projects.

Carbon offsets reduce a measurable amount of carbon in one place to compensate for carbon emissions elsewhere. Offsets are developed via emission reducing projects (planting trees, installing methane recapture at a waste plant, heat pumps, weatherization, etc.) and then sold to individuals or groups who are interested in reducing their carbon footprint. The purchase of the offsets facilitates *projects that would not have happened otherwise*. Some offsets distinguish themselves by offering co-benefits in addition to carbon reduction, such as improved community health outcomes, economic benefits to low-income residents, or increased ecological resilience.

Program Mechanics of Footprint Fund

At a high level, the Footprint Fund will consist of the following 5 steps:

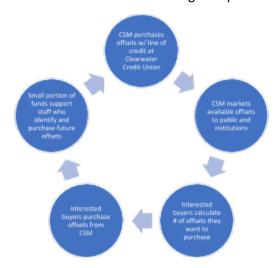


Figure 1. How the Footprint Fund works

Role of Local Government

The City of Missoula or Missoula County could participate in the program in three ways:

1. Purchasing offsets to meet municipal carbon neutrality goals

Local government can purchase offsets in order to meet their upcoming carbon neutrality goals. These offsets will not be verified by a third party verification entity, but they will be transparent and translate to real reductions in carbon pollution in our community. Local government will need to consider whether they are comfortable using projects that have not been verified by a third party to offset their

emissions (particularly Scope 1 and Scope 2). Leadership may decide this is a better option for offsetting Scope 3 emissions.

2. Identifying projects for offset development

In order for the Footprint Fund to be successful, we need to continuously identify projects that will lead to carbon offsets. In one current project, we have worked with MMW Architects, Clearwater Credit Union, and the Missoula Housing Authority to identify an energy efficiency opportunity in a new development project and finance it through Clearwater Credit Union's purchase of 1+ year of offsets for its business operations. The specific energy savings technology would not have been included in the building design without this offset funding. Similarly, local government could be a key partner in identifying these opportunities and either a) purchasing all or a portion of the available offsets for internal operations or b) allowing the Footprint Fund to connect interested buyers to the project.

3. Promotion of offsets to employees interested in offsetting their personal carbon footprints

There is also an opportunity to market the Footprint Fund to local government employees who are interested in offsetting their personal carbon footprint, possibly by including it as an automatic withdrawal from employee paychecks. The City or County could also match a percentage of employee contributions to the Footprint Fund to amplify the effect of the employee's purchase.