

# What are Carbon Credits?

**A carbon credit is a tradable certificate or permit that represents the reduction or removal of one metric tonne of carbon dioxide (CO<sub>2</sub>) or its equivalent in other greenhouse gases (GHGs) from the atmosphere. These credits are part of carbon trading schemes designed to incentivise emission reductions and support climate change mitigation efforts.**

In the UK, carbon credits are increasingly relevant in the building and construction sectors, particularly in residential retrofitting, home renovations, and extensions. They are used to offset emissions generated during construction or to reward energy-efficient building practices. For example, a developer might earn carbon credits by installing solar panels or improving insulation in a property, thereby reducing its carbon footprint.

## **Synonyms:**

- Emission Credit
- Carbon Offset

## **Related Terms:**

1. **Carbon Footprint:** The total amount of greenhouse gases (GHGs) emitted directly or indirectly by an individual, organisation, event, or product.
2. **Energy Performance Certificate (EPC):** A document that rates the energy efficiency of a building on a scale from A (most efficient) to G (least efficient).
3. **Building Regulations Part L:** UK regulations that set standards for the energy efficiency of new and existing buildings, including requirements for insulation, heating, and ventilation.
4. **Renewable Energy Guarantees of Origin (REGOs):** Certificates that prove electricity has been generated from renewable sources.
5. **Passivhaus Standard:** A rigorous voluntary standard for energy efficiency in buildings, reducing their ecological footprint.

## **Real-World Application:**

In the UK, carbon credits are often used in large-scale developments to meet sustainability targets. For instance, a housing developer might purchase carbon credits to offset emissions from construction activities, ensuring compliance with local planning requirements or corporate sustainability goals. Additionally, homeowners undertaking energy-efficient retrofits, such as installing heat pumps or upgrading windows, may indirectly contribute to carbon credit markets by reducing their property's carbon footprint.

## **Building Regulations and Approved Documents:**

While carbon credits are not directly regulated under UK Building Regulations, they align with the objectives of Part L (Conservation of Fuel and Power) and Part F (Ventilation). These documents emphasise reducing carbon emissions and improving energy efficiency in buildings.