Business Better Episode 34: A Discussion on the Environmental Commodities Market with Bill Flederbach, President and CEO at ClimeCo

Speakers: Brendan Collins, Bill Flederbach

Brendan Collins:

Hello, this is Brendan Collins, an environmental law partner at Ballard Spahr. And my guest today is Bill Flederbach, the president and CEO of ClimeCo, a full service environmental commodities firm. Bill's here to talk to us today about the company's business and the developing markets in today's economy for sustainability services. Hello, Bill.

Bill Flederbach:

Hey, Brendan. Thanks for having me.

Brendan Collins:

Very pleased to have you with us here today. I should also say that we're proud to count ClimeCo among the clients of Ballard Spahr and recognize the value that it brings to all of its customers in the field. And so talking about that, Bill, can you explain to our listeners what exactly a full service environmental commodities firm is?

Bill Flederbach:

Absolutely, Brendan. I think maybe to explain that it will be beneficial to say how we started the firm. When I had started ClimeCo, I was really coming off of the Kyoto Protocol days, working internationally, developing projects that reduce carbon dioxide under the clean development mechanisms of the Kyoto Protocol, working in developing countries as defined by Kyoto and monetizing those carbon reductions to the United Nations, and then bringing those carbon credits into Annex 1 developed countries. So it's really a part of a global cap and trade mechanism.

Bill Flederbach:

And one of the things that I had noticed when I was working for the firm I was with at the time was that they were very focused on one specific project type and it really didn't scale well. They were focused on swine farms and collecting methane, converting to energy primarily in Mexico, in Brazil and in Southeast Asia.

Bill Flederbach:

So they had a lot of successes and a lot of failures and ultimately went bankrupt. So I kind of wrote part of ClimeCo's business plan leveraging my experiences there. And one of the things that they failed to do is create scale. So imagine they had 400 digesters in operation and the most they've ever generated from a carbon credit standpoint (and every carbon credit's a metric ton of CO_2 reduced) was around a one and a half million tons, and we have some projects that do that by themselves.

Bill Flederbach:

So what we really wanted to look at when we started ClimeCo, where can we create a project type or bring technology to the market where we could reduce greenhouse gases at scale to reduce our marginal cost of abatement. Really to put us at a competitive advantage looking at scalable carbon dioxide reductions or carbon credits.

Bill Flederbach:

And so we started the company, it was really as a developer. So how do we become a full supply? How do we have the whole supply chain of environmental commodities? It was starting with knowing how to build things, putting steel in the ground, designing projects that could go into fertilizer production plants. Very specifically, we focused on nitrous oxide abatement technology within the ammonia nitrate process or the nitric acid production. And nitrous oxide, as we know it as laughing gas isn't a laughing matter to the climate. It's 298 times stronger than carbon dioxide.

Brendan Collins:

So when you started out, you started out with an eye on the Kyoto Protocol and these international clean development mechanism projects.

Bill Flederbach:

Yeah. Definitely in my career for ClimeCo we started in North America. We started ClimeCo really the thought was in '08 launched in '09,so kind of riding Obama administration. Really getting excited about a potential Waxman-Markey Bill, a federal cap and trade bill. And we all know where that went. It fell to the wayside of healthcare, right? So certainly when we were looking at developing scalable carbon credits, it was to try to position our clients in those carbon credits as a mechanism within the Waxman-Markey Bill. So if customers needed to procure offsets, our offsets were defined in Waxman-Markey as an eligible offset type. So that was early positioning of the firm.

Brendan Collins:

With the US not being a full participant in the Kyoto Protocol, were those North American plants then in Mexico or other participating countries?

Bill Flederbach:

Yeah. So at ClimeCo we only focused on the US to start, and then we moved up into Canada. So it was always for either initially it was for a federal cap and trade program that we're hoping to see developed under Obama. And then we quickly migrated into California since Assembly Bill 32 initially went in to act in 2013, but into conception long before that under the Schwarzenegger leadership. So we went from one, a federal cap and trade program and said, okay, well, for our credits if that isn't going to exist where can our offset credits go next? So then we went to Lobby California and to see whether or not we could get our N_2Obased offsets into the California market as a compliance offset, as an offset that's eligible for use for industries kept under the Assembly Bill 32 program.

Brendan Collins:

So you mentioned compliance offsets. Maybe you can cover for us a little of the distinctions between compliance offsets versus voluntary offsets or credits and what different needs those different types of credits might meet?

Bill Flederbach:

Yeah. So in the US in California that's the only really compliance offset market, up in Canada, of course, we're in Alberta and they have a compliance offset market there as well. And some other emerging markets in Ontario and Quebec is linked with California. So there is this quillwork of compliance offsets. And really when the compliance offsets came about the California, very specifically, they looked at all of the registries that were already generating offsets, and we were already generating offsets. They were viewed as voluntary offsets at the time. So the California regulators looked at all the registries and they said, which protocols do we like? Which ones make sense to us? Which ones do we want to support? And really California only wanted to support as much as they thought they needed because in some ways they didn't want surplus offsets. They wanted to balance the offset supply with what they envisioned to be the offset demand, which I would argue is a silly approach.

Bill Flederbach:

But that was their initial view. So when they looked at the registries, they handpicked cherry-picked and it could be, well, I liked forestry or this one makes sense to me. They like rice cultivation, which didn't generate any credits in reality. So one of the screens or filters, Brendan that was important was that they said, if there's an offset type that's out there in a registry, it may be really high quality. But if that sector that they're creating those offsets from are regulated in California, they cannot allow that as a compliance grade offset because that sector, that NAICS right, is governed under the cap. And I think that's where we ran into another wall Brendan in the early days of ClimeCo, was that we were generating, we had technologies going into the fertilizer space, very focused like a rifle in that space because we saw potential 20 million tons a year of credits from our technologies potentially harvesting.

Bill Flederbach:

So when we were looking at California, we were hoping that that could be a fit. And then we hit the other wall as an early entrepreneur. And you call it white knuckle strategy, right? Like now, so what do we do? Well, we better learn how to sell this into the voluntary market. So I would say that ClimeCo only through a white knuckle strategy, which I'm really pleased about now was a pioneer in voluntary markets. Because we learned how to market this offset. And we learn, we found out who was interested in offsetting their emissions and who would want to buy on a voluntary basis. And we're a pioneer in the voluntary market space as a result. We later got into the compliance space by buying a firm that had a lot of compliance eligible offsets Brendan. But that was a plugin merger that we did later.

Brendan Collins:

So we're now talking about the period 2013 to 2015 now and ClimeCo becomes a leader in voluntary offsets. Who's buying them and why?

Bill Flederbach:

You know when our first purchase ever, and I remember it to this day, because I thought, oh, we really proved it. We proved the model. We had a project. In fact, we did a press release on it. We got a project in Illinois, reducing nitrous oxide. And again, once we reduce nitrous oxide for every metric ton of nitrous oxide that we voluntarily destroy, we actually generate 298 certificates, right? So that's the global warming potential coming into play.

Bill Flederbach:

So we were creating all these offsets in Illinois, and an energy company in Illinois came to us and said we want, they were a pioneer in wanting to provide carbon neutral, natural gas. So how did they do that? Well, they calculate all their users. So they may go out to you as if this was at the retail level, Brendan. They would go out to you and say, "Hey, Brendan. Are you interested in having carbon neutral, natural gas for your furnace?"

Bill Flederbach:

And, you may say yes. So if you check, yes, what they're going to do is they're going to calculate the amount of CO_2 emissions associated with your consumption. And then they're purchasing our carbon credits in the background and they're essentially retiring them against your emissions. And they're certifying that as you actually offsetting your combustion emissions associated with the natural gas that you buy. So that was like the first energy company that came to us. And one of the things that they were interested in Brendan is that they were an Illinois specific utility. The fact that we had an Illinois specific project meant a lot to them.

Brendan Collins:

So that is a source of a lot of greenhouse gas generation, of course the home heating sector or the industrial and home and commercial heating sectors. But it's not the sexiest way that you've been selling your offsets is it?

Bill Flederbach:

No, it isn't. So, I mean, I think, although an important one, so we're actually really strong in even neutralizing LNG shipments overseas so now you're getting a lot of the big maritime fleets looking at way to deliver carbon neutral shipments. Now it's gone so far, but I would say that some of the theme parks we would that would want to go carbon neutral. We would participate with theme parks without saying who they are. We would really be in Silicon Valley with leading companies that wanted to be carbon neutral on a voluntary basis. I would say we work with airlines back in the day. We just did another airline right now to Bali Air, which is an amazing company providing a carbon neutral flight.

Bill Flederbach:

So I would say we've marketed pretty much to every sector, but one of the things that we've done is no matter what project type that we're marketing, Brendan, we're always looking at the supply chain or the use of the underlying product. So if we're reducing N_2O from a fertilizer plant we may be looking at that fertilizer supply chain and approaching folks and saying, Hey we know that part of your footprint if you really look at your Scope 3 emissions and your downstream emissions associated with fertilizer production. So as part of your carbon neutral strategy, I think it's really a great story if you start sourcing carbon credits from within your supply chain. So our offset types, Brendan, have grown so much since those days of nitric acid. Yeah. I would say it may be beneficial if I would just explain how wide our portfolio is now, would that be?

Brendan Collins:

I think that would be terrific.

Bill Flederbach:

All right. So one of the things that we always say, I wrote a blog on this, and I'm really passionate about whatever you could do to stop the CO_2 or greenhouse gases from entering the atmosphere, if you can do that at a reasonable marginal cost, you should. Let's focus on getting it before it goes into the atmosphere but let's realize that there's a lot of talk and a lot of buzz right now about direct air capture and ways to sequester carbon once it's in the atmosphere, right? So there's a lot in the atmosphere currently and what do we do with it? So I think what we've created over time is a real balanced portfolio of stopping the molecule before it's emitted as well as technology is an investment that set sequester once it already is emitted because we certainly have clients that want to procure, invest in projects over a wide range of project types.

Bill Flederbach:

And if I were to explain the pendulum real quickly, it would be industrial gas like nitric acid. We also work with nylon 66 plants and adipic acid. Again, abating N2O. So that's kind of the industrial gas side, but we also work with refrigerant collections. One of our partners is right in Philadelphia that helps us collect and clean R-12 and R-11 and R-500 refrigerants from old refrigerators, et cetera. We collect that until we have approximately 30,000 pounds or an ISO tank, and then we send it for incineration. And why do we do that? Well, we're preventing that old refrigerant that's banned under the Montreal Protocol from new production, but you can still resell it. Well, we're preventing that from going back into old equipment and leaking. So just by destroying refrigerants, we're creating carbon, we're involved in methane projects with landfills and digesters. So those are some of the more industrial types.

Bill Flederbach:

And then if you're swinging the pendulum over to our investments in a nature based, we call it nature-based solutions. It's kind of the buzzword now. And it's a little scary because there's a lot of fly by nighters coming into, like soil sequestration and no tillage, and we've seen all of these things before years ago under the Chicago climate exchange. So now, but now the USDA and the market's coming in back to soil enrichment and that's part of our portfolio now but we want to do it right. So we're actually launching in a pilot program with a big grower to look at all the different levers that we can actually increase CO_2 sequestration at scale in farm fields. But that's one type of nature-based solution.

Bill Flederbach:

The other ones that we're involved in is a million acre reforestation project with our partner, Restore the Earth and what we call the Amazon of the United States and Mississippi River Basin. And so that's pretty exciting. We've got 4,000 acres that are going to go into planting, the first big step towards the million acre project. We also get involved with improved forest management projects on ways to manage forest more sustainably. And then also looking at mangroves actually. So one of our passions is protecting the resilient, actually increasing resiliency against hurricanes, et cetera, and flood waters with rehabilitating mangroves. And the mangroves themselves are like a forest. So you're going to sequester carbon and a lot of these nature-based projects have so many what we call co-benefits Brendan.

Bill Flederbach:

Yeah. So you're improving water quality habitat, and these are things that are being talked about and like ecometric models. How do you quantify all the other benefits associated with reforestation. And that's something that we're keeping a keen eye on as well. But you can see that the portfolio surely went from industrial to the whole gamut. And one of our strategies, Brendan is to have a project type for everybody, whether or not we're developing it, or whether or not we're buying it or sourcing it or investing in ourselves and keeping in our portfolio.

Brendan Collins:

Now, each of these projects, Bill corresponds to some protocol that validates the various criteria that one looks to for these offsets like additionality and just the quanlity of carbon credit it is. Can you talk to us a little bit about what those validation mechanisms are and what are the ones that seem to be most prevalent in use?

Bill Flederbach:

Yeah, absolutely. I'm glad you mentioned that because I say there's a lot of fly by nighters coming cause they are. And I think foundationally as we develop these programs, we wanted to create something that was credible fungible, tradable, serialized, and done in such a way that it always had a registry and third-party verifiers involved. And I would say that the two leading registries that we work with there's actually, I would say probably three leading globally, is the Climate Action Reserve. The Climate Action Reserve is actually a spin off of California. It used to be under the California regulatory program and they spun off as an independent, many years ago. They used to actually be involved with overseeing and verifying even GHG inventories in California. But that's kind of that's spun off now.

Bill Flederbach:

And the Climate Action Reserve is really a leader of both voluntary and compliance grade offsets. We, for years – I haven't looked at the numbers lately – we were the largest developer in the Climate Action Reserve. So what does that mean to have a registry and what's their role? So if I were to explain nitric acid project type, before we were able to do that we had to go to the Climate Action Reserve and say, is this a protocol that you would support? Is this something that you would dedicate your resources to help us develop a robust protocol, not just ClimeCo, but could you help us put together a working group of stakeholders that understood this market. And some of the stakeholders that when they said yes to us when they had a public meeting they socialized it and they thought the opportunity was great enough ClimeCo convince them that the opportunity was great enough.

Bill Flederbach:

And when they went to the public, based on reception, they saw that the Fertilizer Institute was interested in learning more. So they realized there was an opportunity to create carbon offsets at scale. And they went ahead and raised the flag and said with ClimeCo we're going to support this. So then at that point, Brendan ClimeCo became a work group member. So we contributed to the development of the protocol with our expertise, but there were other experts that were invited to the work group by the Climate Action Reserve. So it became very transparent and it wasn't just us trying to write a protocol. It was a lot of experts in the subject matter writing that protocol. And then after that protocol gets finalized, it goes to public review, just like a Title V operating permit does, right. It goes through public review. There's comment. They have to address public comment.

Bill Flederbach:

At the end of that. If we're successful and we have a protocol that's housed under the Climate Action Reserve. And then once the protocol is there, it becomes open for the public. It's not ClimeCo's protocol, it's an open architecture, right. So any industry could use it. So once I may spend a year to write a protocol, but once it's public, I need to realize that it doesn't mean that I'm going to have a hundred percent of the market, right. So we need to make sure we go out there and let the industry know why we're the firm to select in order to develop that project type. But it all starts with a protocol in those protocols that you mentioned, the word additionality. Additionality hurdles are so critical for these protocols.

Bill Flederbach:

Is it business as usual? Is it required by a state regulatory requirement or a federal regulatory requirement? If any of those three are yes. Then there's no voluntary offset that could be generated from it. There are concerns about projects that are so in the money that you should do it otherwise or financial additionality, but there's a lot of additionality hurdles to overcome. The real success of these programs is the carbon revenue that's generated from the carbon credits enough to actually accelerate projects that wouldn't have otherwise happened. That's a successful project. And I think that's the purpose of the registries. And the registries play another role to is when we're actually creating the carbon and Brendan, we have to bring on third party auditors that are actually certified by the registry under that protocol type. And then once that's done, then the registry audits it again.

Bill Flederbach:

So you can see that there's a lot of checks and balances to create one credit. And the Verra is another registry that we use extensively. And then also the last one is American Carbon Registry. So I would say that those are the three primary registries, Brendan that the buyers, when they look at offsets coming from those, there's a natural tendency to say those are quality because it's made it through multiple audits.

Brendan Collins:

And all of those have to do with projects that are being undertaken to cut carbon and they do cut carbon. And the offset transaction itself is merely a way of allocating the benefit of the carbon reduction to different sources.

Bill Flederbach:

Yep. And that's transacted like a house, like any other property, right? So there's … usually a lot of it's business to business, Brendan, under a voluntary emission reduction purchase agreements. Everybody has acronyms, we call them "VERPAs" but that's really transferring all of the rights, all the environmental attributes associated with those carbon credits you're transferring for somebody else to use.

Bill Flederbach:

And I think it's an important point to bring up, however, is that it's really from a double accounting perspective, how a firm accounts for those reductions once they sell them and how they communicate those reductions to their shareholders is really important. And something that we re we really focus on. So we've developed white papers around this kind of leveraging existing protocols that are out there that the World Resource Institute, for instance, WRI protocols, greenhouse gas protocols.

Bill Flederbach:

And there's some vagueness in accounting but essentially when a client sells those offsets, they can't quantitatively account them against their own reduction goals then. That's double accounting at its best. Right? So they can communicate to their shareholders that they're investing in projects, they're reducing their greenhouse gases, but they have to acknowledge that they're actually selling the right for another firm to count that against their ledger. And that's really important.

Brendan Collins:

That is important. And it's a terrific segue to one of the biggest developments, I would say in the last couple of years. I mean, you mentioned when ClimeCo was starting there were a few very forward thinking companies that would be looking for offsets, there were maybe some higher, more consumer facing brands that thought there would be brand value in offsetting their emissions.

Brendan Collins:

But now it seems like everybody is looking for a way to develop that sustainability profile and develop it quickly. Develop it not just through long-term changes in their method of operation, but more short-term solutions, which almost always fall into two categories in my experience, either some sort of renewable power purchase agreement or some sort of carbon offset agreement, or more likely a combination of both. Can you tell us what ClimeCo has seen in the market over the last couple of years?

Bill Flederbach:

You know, we saw an initial surge under the Trump administration, probably not something that Trump administration envisioned. But I think a lot of leaders of companies, once they realize that the Trump administration was going to pull out of the Paris Agreement that your leaders stepped up and we saw a surge of voluntary action in the last four years since Obama stepped down. And we didn't see that before and I call it not that same surge. I think it's a little bit of lethargism in industry waiting for the federal policy to come out and cap and trade. And then when leaders of companies realized it wasn't coming and not only wasn't it coming, the US leadership was denying climate change existed. It was a catalyst for change.

Bill Flederbach:

So I think we saw a lot of activity in the years leading up to the Biden administration. I would say that COVID put a pause on it only for a couple months, to be honest with you. It really kind of just slowed down the demand a little bit until everybody realized that the fortunate companies were going to be okay. And then they got soon. I was nervous Brendan that voluntary carbon and voluntary reductions are really great when companies are doing well. But, when they're not hitting their P and L targets, what's the first thing the CFO could cut? It’s those voluntary purchases, right?

Brendan Collins:

Not to mention the declining transportation emissions data, which was a big story and electric power emissions, two big stories contributing to a drop in carbon emissions in 2020.

Bill Flederbach:

Yeah. And we saw a lot of ramifications that even in California with emissions going down and a lack of demand for allowance prices flattened out as did offsets because the emissions naturally went down during COVID. But I would say that you mentioned renewable energy. We get really involved in renewable energy programs as well with sometimes it's just a REC transaction. Sometimes it's virtual PPA type programs. But I think our clients now, the pressure for ESG and the pressure for the science-based net zero targets whether or not you're BlackRock. BlackRock's an investor or Vanguard's an investor. These investors now are looking at the carbon intensity of their investments. And I know our clients right up through the petrochemical that have large investors are getting calls at the board level to say, ”What are you doing to reduce your carbon footprint?”

Bill Flederbach:

So the pressure now, Brendan and it's been just accelerated under the Biden administration. It's almost at that perfect way of saying, okay, there was movement under the Trump administration, but now that the Biden administration is here, we better get our stuff. We better get our stuff in order. We're getting a lot of pressure from investors, just from society, from individuals all wanting to see a more sustainable story.

Bill Flederbach:

So I think I've never seen a demand like we see today. So to your point, there's a lot of people coming to the market that want to start looking at ways that they can reduce their footprint, and some of how we lead with that is actually an expansion of our sustainability or our ESG practice. So we brought in a new leader to take that practice to a new level and start to work with our large clients on creating the roadmap.

Bill Flederbach:

What does ESG mean to them? And I'm not just talking about environment. I'm talking about really looking at the full ESG spectrum and getting a lot more involved with DEI issues with our clients as it is interwoven in that topic. But I think this classic roadmap, this classic going out to your stakeholders and doing a real materiality assessment so you can really identify what you should be focused on. And that's been really important now, Brendan. Because the market is screaming for that service and I think we're also seeing activity well beyond carbon. So we just launched our plastic initiatives with plastic credits and we have a new director of plastics that came onboard because we all know that ocean plastics is a big, big issue right now with the circular economy and a big part of the ESG story that we're helping our clients navigate is not only around carbon footprinting, but around plastic footprinting as well.

Brendan Collins:

So do you see that model offset used to... Well, offset …otherwise inevitable emissions as being adaptable to other areas like plastics?

Bill Flederbach:

Absolutely. In fact, Verra was the one registry that I had mentioned. They are launching a plastic credit program. It's not a carbon credit program, it's a plastic credit program and there's two different plastic types. There's waste collection credits and this would be we're looking at like Indonesia and other areas where they're actually going out and they're collecting plastics to prevent them from entering the ocean. Now that's an area that we're focused on. So there's waste collection credits it's called and then there's a waste recycling credit and if your waste collected actually goes to waste recycling, you could have a layer. You could have two credits associated with that ton and instead of trading on a ton of carbon dioxide equivalent, it trades on a ton of plastic, a metric ton of plastic recovered. So we're working on a project right now where we're looking to source and actually be part of a great story where our money to source the waste collection credits are funding folks in a developing economy to actually improve their lifestyle and to improve their family. It's pretty cool.

Bill Flederbach:

So I think I would say that the capital markets, Brendan, are where… we believe that capital markets can be an accelerator of technology. I could see us investing in an ocean plastic recovery technology and in part of our investment and the payback would be through the credits. And because we could bring those credits to our clients that are trying to create a more sustainable story around their plastic usage. So we really believe in the capital markets to solve problems.

Bill Flederbach:

And I think the plastic credit is going to be no different. And I'm really excited about ClimeCo's early leadership in that. It's just one of our areas to expand into and there are others. We're expanding into ammonia as a fuel source for the Marine sector. The whole clean hydrogen or blue hydrogen, blue green hydrogen, ammonia stories, low carbon intensity we're trying to figure out how. In fact, we have a new product coming to market that I'm really excited about on trying to identify the low carbon attributes of hydrogen or ammonia and look at creating new procedures and new standards where we could strip that attribute and sell it almost like a renewable energy credit.

Bill Flederbach:

So if our ammonia is being produced at a location where I have a new ammonia technology coming in and the buyers of the ammonia in the Midwest aren't willing to pay a premium for that low carbon intensive ammonia. Why shouldn't we be able to create a program where we can strip that environmental attribute, like a renewable energy credit, and sell it in separate from the ammonia molecule itself just like the energy world? So we're creating new programs now as well. Because I really believe that the green ammonia space is really going to be where the action is, the hydrogen and ammonia and you were going to be seeing ammonia actually be used as fuel to replace hydrocarbon fuel in the future. So that's the innovation that's happening, and we're just trying to keep up with it.

Brendan Collins:

That's terrific Bill and I really appreciate the breadth of ClimeCo's operations. As I said to you offline, I'm always fascinated especially to hear about the different kinds of projects that you're working on and the different ways in which the capital markets can be harnessed to help the world deal with the environmental problems it faces.

Brendan Collins:

Bill, with that diversity of opportunities out there to use the capital markets as a way to offset emissions and other environmental problems, what would you tell a company that was today rolling up at sleeves and looking to make real progress in reducing its environmental footprint and in improving its ESG profile?

Bill Flederbach:

Yeah. I would say you need to look under the hood first, right? So I always say start with a good inventory, understand your footprint. It could be your greenhouse gas footprint. It could be what do you want to focus on. Do you want to focus on your Scope 1 direct emissions or your utility consumption, your Scope 2 or you want to even go further and look at your Scope 3, your supply chain?

Bill Flederbach:

But start to understand your impact and that impact could certainly go beyond carbon into your waste streams. We talked about plastics earlier but you really understand your impact. I would say one of the things that I always enjoy when I work with Emily and our team in the sustainability practice is really developing that roadmap for clients.

Bill Flederbach:

And that roadmap really involves stakeholder engagement. So if you're a company producing a widget, reach out to your stakeholders, what do they view as is important? What do they want to see from you? But that materiality assessments really important, but I call that kind of a five-year roadmap.

Bill Flederbach:

And one of the things that I always say too, if you're looking at greenhouse gas reductions, start to understand what the marginal cost is for your company to reduce those within your fence line and you may find out that there's reduction opportunities in-house. We always say, Brendan, start with that. Offsets are really a fill mechanism if you're not able to do that on a cost-effective basis within your facility and we believe offset is playing important role, but we don't think that they should be your focus. We think you should look what you can do first, and that's part of your roadmap.

Bill Flederbach:

And then as you're marching down that net zero path, look at how offsets or renewable energy or the plastic credit program, how all of these other programs can play a role because you're actually financing projects that are really making a difference, likely at a marginal cost lower than what it would've cost you to implement it within your own factory. And I think that's important is get the most bang for the buck. So by investing in an offset project and taking claim to that, that's a real success story. But it all starts with the roadmap, Brendan.

Brendan Collins:

Well, thank you very much, Bill. We really appreciate those insights and all the experience you bring to the table and all the good that's being done by ClimeCo on behalf of its many clients. Thank you for being with us today.

Bill Flederbach:

Yeah. Thanks so much, Brendan. I really enjoyed it.