SAVITRIBAI PHULE PUNE UNIVERSITY

A PROJECT REPORT ON

Trust Based Carbon Offsetting using IOT and Blockchain for a Decentralized Carbon Economy

SUBMITTED TOWARDS THE
FULFILLMENT OF THE REQUIREMENTS OF

BACHELOR OF ENGINEERING (Computer Engineering)
BY

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Under The Guidance of

Dr. S. P. Bendale

Sinhgad Institutes

DEPARTMENT OF COMPUTER ENGINEERING

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Savitribai Phule Pune University

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DEPARTMENT OF COMPUTER ENGINEERING

CERTIFICATE

This is to certify that the Project Entitled

Trust Based Carbon Offsetting using IOT and Blockchain for a Decentralized Carbon Economy

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is a bonafide work carried out by Students under the supervision of Dr. S. P. Bendale and it is submitted towards the fulfillment of the requirement of Bachelor of Engineering (Computer Engineering).

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PROJECT APPROVAL SHEET

A Project Title

Trust Based Carbon Offsetting using IOT and Blockchain for a Decentralized Carbon Economy

Is successfully completed by

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ACADEMIC YEAR 2024-25

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Abstract

As climate trade intensifies the constraints of conventional carbon offsetting systems including restricted transparency high prices and scalability issues have become increasingly more apparent this studies introduces a decentralised framework the use of blockchain and iot to allow a transparent comfy and scalable technique to carbon offsetting and buying and selling iot sensors capture actual-time statistics on co emissions thats then recorded on a blockchain for tamper-proof monitoring and verification by leveraging clever contracts the framework enables a peer-to-peer marketplace for carbon credit lowering dependency on intermediaries and improving transaction performance a case examine within the production and logistics sectors demonstrates the frameworks ability for wide application suggesting it may support stakeholder engagement and foster worldwide sustainable practices the take a look at concludes with a discussion on regulatory challenges and destiny studies pathways to extend the frameworks impact across industries.

Acknowledgements

It gives us great pleasure in presenting the preliminary project report on ***'Trust Based Carbon Offsetting using IOT and Blockchain for a Decentralized Carbon Economy'****.*

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Contents

List of Figures

List of Tables

CHAPTER 1

SYNOPSIS

1.1 Project Title

Trust Based Carbon Offsetting using IOT and Blockchain for a Decentralized Carbon Economy

1.2 Project Option

Industry Sponsored Project

1.3 Internal Guide

Dr. S. P. Bendale

1.4 Sponsorship and External Guide

Rudra Tech Solutions

1.5 Technical Keywords (As per ACM Keywords)

1. C. Computer Systems Organization
   (a) C.2 COMPUTER-COMMUNICATION NETWORKS
      i. C.2.4 Distributed Systems
         A. Blockchain-based carbon credit systems
         B. IoT-enabled emissions monitoring networks
         C. Decentralized environmental asset management
         D. Real-time carbon data verification systems
         E. Smart contract automation for carbon trading
         F. Distributed ledger for environmental compliance

1.6 Problem Statement

Contemporary carbon offsetting frameworks exhibit significant operational limitations that hamper their effectiveness. The current system's opacity creates barriers in tracking and validating carbon credits, raising questions about their legitimacy and impact. Additionally, the complex administrative structures result in substantial operational costs, creating entry barriers for smaller participants and reducing market accessibility. These systemic inefficiencies necessitate a transformative approach that addresses transparency concerns while promoting broader market participation through the integration of IoT sensors and blockchain technology for real-time monitoring and automated verification.

1.7 Abstract

- As climate change intensifies, the constraints of conventional carbon offsetting systems including restricted transparency, high prices, and scalability issues have become increasingly apparent. This study introduces a decentralized framework using blockchain and IoT to enable a transparent, secure, and scalable approach to carbon offsetting and trading. IoT sensors capture real-time data on CO_2 emissions that is then recorded on a blockchain for tamper-proof monitoring and verification. By leveraging smart contracts, the framework enables a peer-to-peer marketplace for carbon credits, reducing dependency on intermediaries and improving transaction efficiency. A case study within the production and logistics sectors demonstrates the framework's capability for wide application, suggesting it may support stakeholder engagement and foster worldwide sustainable practices.

1.8 Goals and Objectives

- To develop an advanced framework that combines blockchain and IoT technologies to transform carbon offsetting processes through automated data collection and verification.

- To create a decentralized marketplace for carbon credits that reduces transaction costs and eliminates the need for traditional intermediaries.

- To implement real-time monitoring systems using IoT sensors for continuous emission tracking across various sources including industrial facilities and transportation networks.
- To establish smart contract-based automation for carbon credit issuance, validation, and trading within the Hedera blockchain ecosystem.
- To enhance transparency and trust in carbon markets through immutable record-keeping and verifiable carbon token transactions.

1.9 Relevant mathematics associated with the Project

System Description:

- Input: Real-time CO_2 emission data from IoT sensors (Elite smart meters, Sonoff Pow 320D devices), energy production data from renewable sources, and carbon project verification parameters.
- Output: Tokenized carbon credits as NFTs on Hedera blockchain, automated alerts for emission thresholds, and transparent carbon trading records.
- Mathematical Functions: Carbon credit calculation algorithms, emission factor computations, blockchain consensus mechanisms, and smart contract execution logic.
- Processing: Real-time data validation, cryptographic hashing for data integrity, and automated carbon credit minting based on verified environmental data.
- Success Conditions: 95% system uptime, sub-second transaction finality, and accurate carbon credit tokenization with zero double-counting.
- Failure Conditions: Network connectivity issues, sensor calibration errors, and blockchain consensus failures.

1.10 Review of Conference/Journal Papers Supporting Project Idea

- **Paper Name:** *Blockchain-Based Platforms for Carbon Offsetting: A Survey*
  Author: Mezquita, Y., et al.
  Abstract: This survey investigates blockchain applications in creating transparent and efficient carbon offset markets. It emphasizes decentralization through blockchain and Web3 technologies to enhance verification processes and scalability in regenerative finance. The paper highlights how blockchain can address trust issues in carbon markets by enabling secure, traceable transactions and discusses challenges like regulatory compliance and technical scalability.

- **Paper Name:** *A Blockchain-Based Carbon Credit Ecosystem*
  Author: Saraji, S., & Borowczak, M.
  Abstract: This paper proposes a blockchain-based ecosystem for carbon credit trading, focusing on improving transparency and reducing fraud. It explores smart contracts for automating credit issuance and trading, highlighting the potential for real-time auditing and enhanced stakeholder trust. The study also addresses challenges such as energy consumption of blockchain systems and integration with existing carbon markets.

- **Paper Name:** *Blockchain-Powered NFTs: A Paradigm Shift in Carbon Credit Transactions*
  Author: Khanna, A., & Maheshwari, P.
  Abstract: This work explores the integration of non-fungible tokens (NFTs) with blockchain for carbon credit transactions. It discusses how NFTs can uniquely represent carbon credits, ensuring traceability and authenticity. The paper evaluates the potential of NFTs to revolutionize carbon markets by enabling fractional ownership and increasing market accessibility, while noting challenges like high transaction costs and regulatory uncertainties.

- **Paper Name:** *Harnessing Web3 on the Carbon Offset Market*
  Author: Patel, D., et al.
  Abstract: This paper examines the role of Web3 technologies in decentraliz-

ing carbon offset markets. It discusses how blockchain-based smart contracts and decentralized applications (dApps) can streamline carbon credit trading, improve transparency, and reduce intermediaries. The study also addresses scalability issues and the need for standardized protocols to ensure interoperability across platforms.

- **Paper Name:** *Challenges in Traditional Carbon Credit Markets: Participation, Verification, and Transparency*
  Author: Benwell, R., & Fothergill, A.
  Abstract: This paper analyzes the limitations of traditional carbon credit markets, including low participation, verification inefficiencies, and lack of transparency. It suggests blockchain as a potential solution to enhance trust and streamline processes. The authors discuss the need for robust verification mechanisms and stakeholder engagement to improve market adoption and effectiveness.

- **Paper Name:** *Blockchain for Carbon Trading: A Comprehensive Review*
  Author: Chen, X., Liu, Y., Zhang, H., & Wang, T.
  Abstract: This review provides a comprehensive analysis of blockchain applications in carbon trading, focusing on transparency, security, and efficiency. It evaluates various blockchain platforms and their suitability for carbon markets, highlighting smart contract automation and decentralized governance. The paper also discusses challenges like regulatory fragmentation and the environmental impact of blockchain operations.

- **Paper Name:** *Tokenizing Carbon Credits: Blockchain-Based Strategies for Climate Change Mitigation*
  Author: Le, D., Nguyen, H., & Tran, K.
  Abstract: This study explores tokenization of carbon credits using blockchain to support climate change mitigation. It discusses how tokenized credits can improve liquidity and accessibility in carbon markets. The paper examines case studies of blockchain implementations and identifies challenges such as legal frameworks, market volatility, and the need for global standards to ensure widespread adoption.

- **Paper Name:** *IoT Applications in Environmental Monitoring and Carbon*

Credit Generation
Author: Sharma, R., Verma, P., & Gupta, S.
Abstract: This paper investigates the integration of IoT with blockchain for environmental monitoring and carbon credit generation. It discusses how IoT devices can collect real-time environmental data, which blockchain can securely store and verify for carbon credit issuance. The study highlights scalability and data integrity benefits but notes challenges like high setup costs and interoperability issues.

- **Paper Name:** *Integrating IoT and Blockchain for Secure Carbon Data Management*
  Author: Ahmed, M., Chowdhury, R., & Ali, F.
  Abstract: This paper explores the synergy of IoT and blockchain for secure carbon data management. It discusses how IoT sensors can provide accurate carbon emission data, while blockchain ensures tamper-proof storage and verification. The study evaluates the potential for real-time carbon credit tracking and highlights challenges like energy consumption and the need for standardized data protocols.

1.11 Plan of Project Execution

The execution of the "Trust Based Carbon Offsetting using IoT and Blockchain for a Decentralized Carbon Economy" project will be carried out in a phased manner using project management methodologies. The following timeline outlines the key stages:

- **Phase 1: Requirement Analysis and System Design (Week 1-2)**
  Define project scope, analyze carbon offset market requirements, design system architecture integrating IoT sensors with Hedera blockchain, and establish technical specifications for smart contracts and NFT tokenization.

- **Phase 2: IoT Infrastructure Development (Week 3-5)**
  Develop custom Tasmota firmware for Elite smart meters and Sonoff Pow 320D devices, implement secure communication protocols (MQTT, CoAP), and establish edge computing nodes for real-time data processing.

- **Phase 3: Blockchain Integration and Smart Contract Development (Week 6-8)**
  Deploy Hedera Offset Nodes using TypeScript backend, develop smart contracts for carbon credit tokenization, implement automated verification algorithms, and create NFT minting mechanisms for verified carbon credits.

- **Phase 4: Frontend Development and User Interface (Week 9-10)**
  Build React-based user interface for carbon credit marketplace, integrate Hedera HashPack wallet connectivity, develop dashboard for real-time emission monitoring, and implement carbon credit trading functionality.

- **Phase 5: System Integration and Testing (Week 11-12)**
  Integrate IoT sensors with blockchain backend, conduct end-to-end testing of carbon credit lifecycle, validate smart contract functionality, and perform security audits of the complete system.

- **Phase 6: Pilot Deployment and Validation (Week 13)**
  Deploy pilot system in controlled environment, test with real emission data from renewable energy sources, validate carbon credit tokenization accuracy, and gather performance metrics.

- **Phase 7: Documentation and Report Preparation (Week 14)**
  Prepare comprehensive technical documentation, conduct system performance analysis, document regulatory compliance measures, and finalize project report with case study results.

Project progress will be monitored using Agile methodologies with regular sprint reviews and stakeholder feedback incorporation.

CHAPTER 2

TECHNICAL KEYWORDS

2.1 Area of Project

This project focuses on the intersection of environmental sustainability, blockchain technology, and Internet of Things (IoT) systems. The system creates a decentralized carbon economy by leveraging IoT sensors for real-time emissions monitoring and blockchain technology for transparent, immutable carbon credit tokenization. The project addresses critical challenges in traditional carbon offset markets including verification delays, lack of transparency, and high transaction costs through automated smart contract execution and peer-to-peer carbon trading mechanisms.

2.2 Technical Keywords

1. C. Computer Systems Organization
2. IoT sensor networks for emissions monitoring
3. Hedera Hashgraph consensus mechanisms
4. Smart contract automation for carbon credits
5. Decentralized carbon marketplace infrastructure
6. Real-time environmental data verification systems

hanisms

Smart contract automation for carbon credits

Decentralized carbon marketplace infrastructure

Real-time environmental data verification systems

CHAPTER 3

INTRODUCTION

3.1 Project Idea

- The project ”Trust-Based Carbon Offsetting using IoT and Blockchain for a Decentralized Carbon Economy” aims to revolutionize carbon offsetting by creating a secure, transparent, and decentralized system for tracking and trading carbon credits. Using IoT sensors, the project enables real-time monitoring of carbon emissions, ensuring accurate and reliable data collection. Blockchain technology provides a transparent, tamper-proof ledger for managing carbon credits, making transactions traceable and secure. By incorporating smart contracts, the system automates offset agreements, reducing transaction costs and increasing efficiency. This decentralized approach empowers organizations and individuals to trade carbon credits in a peer-to-peer marketplace, fostering greater accessibility and trust in the carbon economy. Through this project, we aim to make carbon offsetting more transparent, accessible, and impactful in the global fight against climate change.

3.2 Motivation of the Project

- The motivation behind ”Trust-Based Carbon Offsetting using IoT and Blockchain for a Decentralized Carbon Economy” is to address the urgent need for reliable and accessible carbon offset solutions in the face of escalating climate change. Traditional carbon offset systems are often hindered by a lack of transparency, high transaction costs, and centralized control, leading to inefficiencies and mistrust among participants. By leveraging IoT for real-time emissions monitoring and blockchain for secure, decentralized tracking of carbon credits, this project seeks to create a more transparent, trustworthy, and accessible carbon offset marketplace. The project is driven by the vision of empowering individuals and organizations to actively contribute to climate change mitigation, reduce their carbon footprints, and promote sustainability through a decentralized, peer-to-peer platform that ensures accountability, lowers barriers to participation, and facilitates meaningful environmental impact.

3.3 Literature Survey

- **Blockchain-Based Platforms for Carbon Offsetting: A Survey:** This paper explores the use of blockchain for creating more transparent and efficient carbon offset markets, discussing its potential to improve verification processes and scalability. It focuses on the importance of decentralizing carbon markets using blockchain and Web3 technologies for regenerative finance.

- **A Blockchain-Based Carbon Credit Ecosystem:** This study proposes a blockchain-based system for managing carbon credits. It introduces smart contracts and decentralized token trading to improve transparency, reduce transaction costs, and combat double-spending in carbon markets.

- **Blockchain of Carbon Trading for UN Sustainable Development Goals:** The paper explores how blockchain can support carbon trading aligned with the United Nations' sustainable development goals, enhancing the integrity and security of the carbon trading system.

- **Using Blockchain for Environmental Governance: Power and Offsets:** This paper looks at the role of blockchain in governance models for carbon offsets and environmental sustainability, focusing on decentralizing governance to make carbon offset projects more accessible and accountable.

- **Harnessing Web3 on the Carbon Offset Market:** This research delves into how Web3, combined with blockchain and IoT, can be used to revamp the carbon offset market. It discusses the potential of blockchain to provide transparency in energy generation and carbon trading.

CHAPTER 4

PROBLEM DEFINITION AND SCOPE

4.1 Problem Statement

Contemporary carbon offsetting frameworks exhibit significant operational limitations that hamper their effectiveness. The current system's opacity creates barriers in tracking and validating carbon credits, raising questions about their legitimacy and impact. Additionally, the complex administrative structures result in substantial operational costs, creating entry barriers for smaller participants and reducing market accessibility. These systemic inefficiencies necessitate a transformative approach that addresses transparency concerns while promoting broader market participation.

4.1.1 Goals and Objectives

- The primary goal of this project is to bring transparency and trust to carbon credit markets through blockchain technology, which allows for immutable and traceable records of carbon transactions.
- To create a system where carbon credits can be tokenized and verified on the blockchain, streamlining the process of trading and tracking carbon credits.
- To leverage IoT devices to monitor emissions in real-time, ensuring accurate data collection for carbon tracking and reducing administrative costs.
- To enable automated carbon credit validation and trading through smart contracts, reducing delays and transaction costs.
- To create an innovative approach to managing carbon credits that supports sustainable practices and fosters wider participation in carbon offsetting efforts.

4.1.2 Statement of scope

- The system scope includes development of IoT sensor integration using custom Tasmota firmware for Elite smart meters and Sonoff Pow 320D devices to capture real-time energy production and carbon emission data.

- Implementation of Hedera Offset Nodes using TypeScript backend to facilitate secure communication between IoT devices and the Hedera blockchain network.
- Development of smart contracts for automated carbon credit tokenization as NFTs based on verified environmental data from IoT sensors.
- Creation of a decentralized marketplace platform where businesses and individuals can trade tokenized carbon credits with full transparency and traceability.
- Integration with Hedera HashPack wallets for seamless carbon credit management and trading within the platform ecosystem.
- Real-time monitoring dashboard for tracking emissions data, carbon credit generation, and marketplace transactions.

4.2 Major Constraints

- **Technical Constraints:**
  - Platform Limitations: The application is developed using cross-platform frameworks (React and TypeScript), which may introduce limitations in accessing device-specific features. IoT device integration requires custom firmware development and API configurations.
  - Hedera Blockchain Limitations: Transaction speed limits, network congestion, and API rate limits for smart contract interactions could affect performance during high demand periods.
- **Network Dependency:** The system heavily depends on stable internet connectivity for real-time IoT data collection, token minting, and blockchain synchronization. Poor network conditions could disrupt carbon credit tokenization processes.
- **Data Security and Privacy:** The platform collects sensitive environmental and energy data requiring secure storage and processing. Compliance with data protection regulations (GDPR, CCPA) adds complexity to development and requires encryption layers.

- **Scalability Challenges:** Continuous IoT device operation and data collection may increase energy consumption. The system must handle increasing user traffic while maintaining consistent performance.
- **Regulatory Compliance:** The platform must comply with local, national, and international regulations concerning blockchain usage, carbon credit trading, and environmental data handling across different jurisdictions.
- **User Adoption:** Encouraging widespread adoption of blockchain-based carbon credits requires overcoming skepticism towards decentralized technologies and proving the reliability and validity of tokenized carbon credits.

4.3 Methodologies of Problem Solving and Efficiency Issues

- **IoT Device Integration for Real-Time Data Collection:** Develop custom Tasmota firmware to integrate IoT devices (Elite smart meters and Sonoff Pow 320D) for capturing real-time energy production and carbon emission data with secure backend communication.
- **Hedera Blockchain Integration:** Set up Hedera Offset Nodes using TypeScript backend to facilitate communication between IoT devices and Hedera blockchain, ensuring data authenticity and managing secure data flow.
- **Data Tokenization:** Implement automated tokenization of validated IoT data into carbon credits as NFTs on Hedera blockchain, ensuring each credit represents verified carbon reduction or renewable energy production.
- **Carbon Credit Marketplace:** Develop a decentralized platform enabling transparent carbon credit trading represented by NFTs, ensuring traceability and security in all transactions between parties.

4.4 Outcome

- **Efficient Carbon Credit Verification and Minting:** The system efficiently tracks real-time energy production and carbon emission reductions through

IoT devices, automatically verifying and tokenizing data into carbon credits as NFTs on Hedera blockchain.

- **Real-Time Monitoring and Transparency:** IoT device integration provides continuous monitoring of energy production and carbon emissions, with data stored on Hedera blockchain for full transparency and verifiable authenticity.

- **Automated Carbon Offset Process:** Complete automation from IoT data collection to carbon credit minting and trading reduces human error and administrative overhead while ensuring data immutability and tamper-proof verification.

- **Scalable Global Architecture:** The decentralized Hedera Hashgraph platform enables efficient scaling across industries including renewable energy, transportation, and agriculture for global carbon offset marketplace adoption.

- **Regulatory Compliance and Standards:** The platform adheres to international standards and regulations for carbon offsetting, such as ISO 14064 and UNFCCC protocols, helping businesses comply with sustainability goals and legal obligations while supporting global carbon reduction efforts.

4.5 Applications

- **Carbon Credit Trading Platforms:** The Hedera Offset system provides infrastructure for decentralized carbon credit marketplaces where companies and individuals can buy, sell, and trade verified carbon credits, eliminating intermediaries and reducing transaction costs through automated smart contracts.

- **Renewable Energy Projects:** Renewable energy producers can integrate IoT sensors to track energy production and carbon emissions reduction in real-time. The platform tokenizes this data into tradeable carbon credits, creating automated verification for solar, wind, and hydropower projects.

- **Corporate Sustainability Reporting:** Large corporations can use the system to track their carbon footprint in real-time, automatically generate carbon credits from verified emission reductions, and demonstrate ESG compliance through transparent blockchain records.

- **Transportation Industry Carbon Offsetting:** The transportation sector can track and offset emissions through IoT-enabled monitoring of electric vehicle fleets, logistics operations, and sustainable fuel consumption, with automated carbon credit generation.

- **Government and Regulatory Compliance:** Governments can leverage the system to create national carbon offset programs, monitor compliance with international climate agreements, and facilitate transparent carbon credit allocation and tracking.

- **Supply Chain Carbon Tracking:** The platform enables comprehensive supply chain carbon footprint monitoring through IoT sensors, providing end-to-end traceability and automated carbon offset calculations for complex global operations.

4.6 Hardware Resources Required

Sr. No.	Parameter	Minimum Requirement	Justification
1	CPU Speed	2.4 GHz Quad-Core	Real-time IoT data processing and blockchain transactions.
2	RAM	16 GB	Supports blockchain node operation and concurrent IoT connections.
3	Storage	500 GB SSD	Fast data access for blockchain synchronization and IoT data storage.
4	Network	1 Gbps Ethernet	High-speed connectivity for blockchain and IoT communication.
5	IoT Devices	Elite Smart Meters, Sonoff Pow 320D	Real-time energy and emissions monitoring.

Table 4.1: Hardware Requirements

4.7 Software Resources Required

Platform Requirements:

1. Operating System: Windows 10/11, macOS 10.15+, or Linux Ubuntu 20.04+
2. IDE: Visual Studio Code with TypeScript extensions
3. Programming Languages: TypeScript, JavaScript (Node.js), C++ for firmware
4. Blockchain Platform: Hedera Hashgraph Network
5. Frontend Framework: React.js with Web3 integration
6. IoT Development: Tasmota firmware, MQTT broker
7. Database: MongoDB for off-chain data storage
8. Testing Tools: Jest, Hardhat for smart contract testing

CHAPTER 5

PROJECT PLAN

5.1 Project Estimates

This project aims to create a blockchain and IoT-driven platform that automates carbon credit tracking, tokenization, and trading to address key issues in the carbon offset market. By leveraging custom IoT firmware on smart meters, we will collect real-time data on CO_2 emissions and renewable energy production, ensuring accurate environmental data. This data will be transmitted to Hedera Offset Nodes, which use blockchain to securely notarize emissions data, creating tamper-proof, decentralized records. The system will mint tokenized carbon credits as NFTs based on verified data, ensuring transparency and trustworthiness for decentralized markets.

5.1.1 Reconciled Estimates

The reconciled estimates combine individual assessments from different project phases, aligning them to reflect the final project scope, timeline, and resource requirements.

5.1.1.1 Cost Estimate

- **Hardware Resources:** IoT devices (Elite smart meters, Sonoff Pow 320D), development workstations with blockchain node capabilities, and cloud infrastructure for data processing and storage.
- **Software Tools:** Hedera blockchain network fees, development tools licenses (TypeScript, React.js), IoT firmware development tools, and testing frameworks.
- **Labor:** Development time for IoT integration, blockchain smart contract development, frontend marketplace creation, and comprehensive system testing and documentation.

5.1.1.2 Time Estimates

- Requirement Analysis and System Design: 2 weeks
- IoT Infrastructure and Firmware Development: 3 weeks

- Blockchain Integration and Smart Contract Development: 3 weeks
- Frontend Development and User Interface: 2 weeks
- System Integration and Testing: 2 weeks
- Pilot Deployment and Validation: 1 week
- Documentation and Final Report: 1 week

5.1.2 Project Resources

The project resources required include:

- **People:** Development team consisting of blockchain developers, IoT specialists, frontend developers, and project coordinators with expertise in environmental monitoring systems.
- **Hardware:** High-performance computing resources for blockchain node operation, IoT devices for real-time monitoring, and testing equipment for system validation.
- **Software:** Hedera blockchain platform access, TypeScript development environment, React.js framework, Tasmota firmware tools, and comprehensive testing suites.
- **Tools:** Git version control, project management platforms (Jira/Trello), continuous integration tools, and blockchain development frameworks.
- **Infrastructure:** Cloud services for data storage and processing, network connectivity for IoT devices, and secure communication channels for blockchain transactions.

5.1.3 Risk Identification

1. Have top software and customer managers formally committed to support the project?
   Ans: Yes, with sponsorship from Rudra Tech Solutions and academic support from the institution.

2. Are end-users enthusiastically committed to the project and the system/product to be built?
   Ans: Yes, based on industry demand for transparent carbon offset solutions and regulatory requirements.

3. Are requirements fully understood by the software engineering team and its customers?
   Ans: Yes, comprehensive analysis of carbon market needs and blockchain-IoT integration requirements completed.

4. Have customers been involved fully in the definition of requirements?
   Ans: Yes, through collaboration with Rudra Tech Solutions and stakeholder consultations.

5. Do end-users have realistic expectations?
   Ans: Yes, expectations align with current blockchain and IoT capabilities for carbon tracking.

6. Does the software engineering team have the right mix of skills?
   Ans: Yes, team includes expertise in blockchain development, IoT integration, and environmental monitoring systems.

7. Are project requirements stable?
   Ans: Yes, core requirements for carbon credit tokenization and IoT monitoring are well-defined and stable.

8. Is the number of people on the project team adequate to do the job?
   Ans: Yes, team size is appropriate for the planned development scope and timeline.

9. Do all customer/user constituencies agree on the importance of the project?
   Ans: Yes, stakeholders recognize the critical need for transparent carbon offset solutions.

5.1.4 Risk Analysis

The risks for the Project can be analyzed within the constraints of time, cost, and quality:

ID	Risk Description	Probability	Impact		
			Schedule	Quality	Overall
1	IoT device connectivity and data transmission failures	Medium	High	High	High
2	Hedera blockchain network congestion affecting transaction processing	Low	Medium	Medium	Medium
3	Smart contract vulnerabilities in carbon credit tokenization	Low	High	High	High
4	Regulatory compliance changes affecting carbon credit standards	Medium	Medium	High	Medium

Table 5.1: Risk Table

Probability	Value	Description
High	Probability of occurrence is	$> 75\%$
Medium	Probability of occurrence is	$26 - 75\%$
Low	Probability of occurrence is	$< 25\%$

Table 5.2: Risk Probability definitions

Impact	Value	Description
Very high	$> 10\%$	Schedule impact or Unacceptable quality
High	$5 - 10\%$	Schedule impact or Some parts of the project have low quality
Medium	$< 5\%$	Schedule impact or Barely noticeable degradation in quality
Low	$< 2\%$	Minimal impact on schedule or quality can be easily incorporated

Table 5.3: Risk Impact definitions

5.1.5 Overview of Risk Mitigation, Monitoring, Management

Following are the details for each identified risk:

Risk ID	1
Risk Description	IoT device connectivity and data transmission failures
Category	Technical Infrastructure
Source	Network connectivity analysis and IoT device testing
Probability	Medium
Impact	High
Response	Mitigate
Strategy	Implement redundant communication protocols (MQTT, CoAP), establish backup data transmission paths, and deploy edge computing nodes for local data processing and temporary storage
Risk Status	Identified and monitored

Risk ID	2
Risk Description	Hedera blockchain network congestion affecting transaction processing
Category	Blockchain Infrastructure
Source	Hedera network performance analysis and capacity planning
Probability	Low
Impact	Medium
Response	Accept with monitoring
Strategy	Monitor Hedera network performance metrics, implement transaction queuing mechanisms, and establish alternative processing strategies during peak periods
Risk Status	Monitored continuously

5.2 Project Schedule

Risk ID	3
Risk Description	Smart contract vulnerabilities in carbon credit tokenization
Category	Security and Code Quality
Source	Smart contract security assessment and code review
Probability	Low
Impact	High
Response	Mitigate
Strategy	Conduct comprehensive security audits, implement formal verification methods, use established smart contract patterns, and perform extensive testing with multiple scenarios
Risk Status	Under active mitigation

5.2.1 Project task set

Major Tasks in the Project stages are:

- Task 1: Requirements analysis, system architecture design, and technology stack selection
- Task 2: IoT infrastructure setup including custom Tasmota firmware development for smart meters
- Task 3: Hedera blockchain integration with smart contract development for carbon credit tokenization
- Task 4: Frontend marketplace development using React.js with wallet integration
- Task 5: System integration, comprehensive testing, and pilot deployment with performance validation

5.2.2 Task network

Project tasks and their dependencies are organized in sequential and parallel execution patterns, with IoT development and blockchain integration proceeding concurrently after initial system design, followed by frontend development and final integration testing.

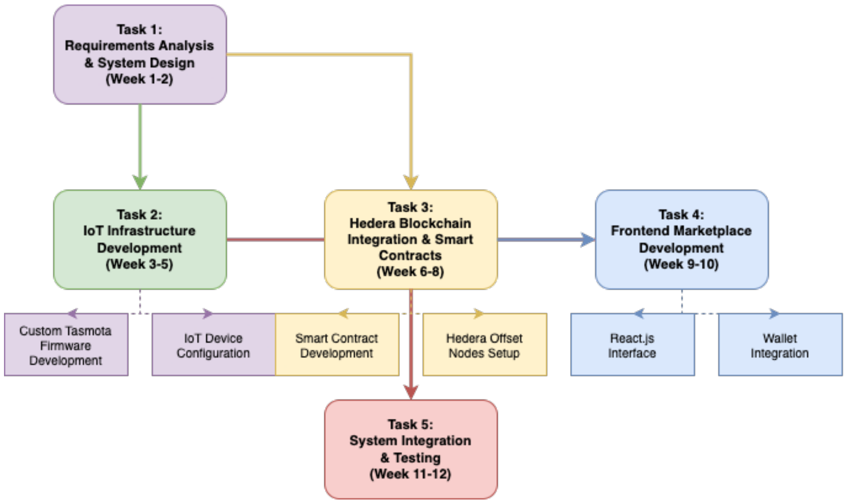

Figure 5.1: Task Network Diagram.

5.2.3 Timeline Chart

A comprehensive project timeline chart tracks all development phases from initial requirements analysis through final deployment and documentation. The timeline incorporates buffer periods for testing and quality assurance to ensure deliverable reliability.

5.3 Team Organization

The project team is organized with clear roles and responsibilities to ensure efficient collaboration and delivery.

5.3.1 Team structure

- **Project Lead:** Swapnil Shinde - Overall project coordination and blockchain development
- **IoT Specialist:** Shruti Sharma - IoT device integration and firmware development

- **Backend Developer:** Ankit Kokane - Hedera blockchain integration and smart contracts
- **Frontend Developer:** Shivraj Sakunde - User interface and marketplace development
- **Technical Advisor:** Dr. S. P. Bendale - Project guidance and technical oversight
- **Industry Mentor:** Rudra Tech Solutions - Domain expertise and practical guidance

5.3.2 Management reporting and communication

The team follows Agile development methodologies with weekly sprint meetings, progress tracking through project management tools, and regular stakeholder reviews. Communication channels include daily standups, technical documentation sharing, and milestone-based reporting to academic supervisors and industry sponsors.

CHAPTER 6

SOFTWARE REQUIREMENT SPECIFICATION

6.1 Introduction

6.1.1 Purpose and Scope of Document

The Software Requirements Specification (SRS) document for the Trust Based Carbon Offsetting using IoT and Blockchain system defines the comprehensive requirements, functionality, and constraints for developing a decentralized carbon credit marketplace. This document serves as the primary reference for development teams, stakeholders, and quality assurance throughout the project lifecycle.

This document covers:

- Real-time IoT sensor integration for carbon emissions monitoring and renewable energy tracking
- Hedera blockchain implementation for secure carbon credit tokenization and trading
- Smart contract automation for carbon credit verification, issuance, and marketplace transactions
- User interface requirements for carbon credit management and trading platform
- System integration specifications for IoT devices, blockchain networks, and frontend applications
- Security, performance, and scalability requirements for enterprise-grade carbon offset operations

6.1.2 Overview of Responsibilities of Developer

The development team is responsible for:

- Designing and implementing a comprehensive carbon offsetting system integrating IoT sensors with Hedera blockchain technology
- Developing custom Tasmota firmware for Elite smart meters and Sonoff Pow 320D devices to capture accurate real-time environmental data

- Creating robust smart contracts for automated carbon credit tokenization, verification, and trading on the Hedera network
- Building secure TypeScript backend services (Hedera Offset Nodes) to facilitate seamless communication between IoT devices and blockchain infrastructure
- Developing an intuitive React.js frontend application with Hedera HashPack wallet integration for user-friendly carbon credit management
- Implementing comprehensive testing protocols to ensure system reliability, security, and performance under various operational conditions
- Ensuring compliance with international carbon offset standards and regulations while maintaining data privacy and security

6.2 Usage Scenario

- **Scenario 1:** Real-time Carbon Monitoring and Credit Generation
  - IoT sensors continuously monitor carbon emissions and renewable energy production from various sources
  - Data is automatically validated and transmitted to Hedera Offset Nodes for blockchain recording
  - Smart contracts process verified data and automatically mint carbon credits as NFTs when emission reduction thresholds are met
  - Generated carbon credits are immediately available in the user's Hedera HashPack wallet for trading or retirement
- **Scenario 2:** Carbon Credit Marketplace Trading
  - Companies access the React.js marketplace platform to browse available carbon credits with detailed verification data
  - Buyers can filter credits by source, verification standards, and environmental impact metrics
  - Smart contracts automatically execute trades when purchase conditions are met, transferring NFT ownership

- All transactions are recorded immutably on the Hedera blockchain for complete transparency and audit trails

- **Scenario 3:** Corporate Sustainability Management
  - Organizations connect their IoT infrastructure to monitor facility-wide carbon emissions in real-time
  - The dashboard provides comprehensive analytics on carbon footprint, offset opportunities, and sustainability metrics
  - Automated reporting generates compliance documentation for regulatory requirements and ESG reporting
  - Companies can purchase verified carbon credits directly through the platform to achieve carbon neutrality goals

6.2.1 User Profiles

- **System Administrator:**
  - **Responsibilities:** Manages IoT device configurations, monitors blockchain network health, configures smart contract parameters, and oversees system security protocols
  - **Permissions:** Full access to all system components, IoT device management, smart contract deployment, and system configuration settings
- **Carbon Credit Producer:**
  - **Responsibilities:** Operates renewable energy facilities or emission reduction projects, monitors IoT sensor data, and manages carbon credit generation from verified activities
  - **Permissions:** Access to IoT monitoring dashboards, carbon credit minting interface, and marketplace listing capabilities
- **Carbon Credit Buyer:**
  - **Responsibilities:** Purchases carbon credits for offset purposes, manages corporate sustainability goals, and tracks carbon offset portfolio

  - **Permissions:** Access to marketplace browsing, credit purchasing, wallet management, and offset tracking dashboards

- **Regulatory Authority:**
  - **Responsibilities:** Monitors carbon credit compliance, audits verification processes, and ensures adherence to environmental standards
  - **Permissions:** Read-only access to all transactions, verification data, and compliance reporting interfaces

6.2.2 Use-cases

All use-cases for the carbon offsetting system are presented with detailed descriptions:

Sr No.	Use Case	Description	Actors	Assumptions
1	IoT Data Collection and Monitoring	IoT sensors capture real-time emissions and energy production data, transmitting securely to Hedera Offset Nodes	System, IoT Devices	IoT devices are properly configured and network connectivity is stable
2	Carbon Credit Tokenization	Smart contracts process verified IoT data and automatically mint carbon credits as NFTs on Hedera blockchain	System, Smart Contracts	Data validation algorithms confirm emission reduction thresholds
3	Marketplace Trading	Users browse, purchase, and trade carbon credits through the decentralized marketplace platform	Buyers, Sellers, System	Hedera HashPack wallets are connected and have sufficient balance

Table 6.1: Use Cases

6.2.3 Use Case View

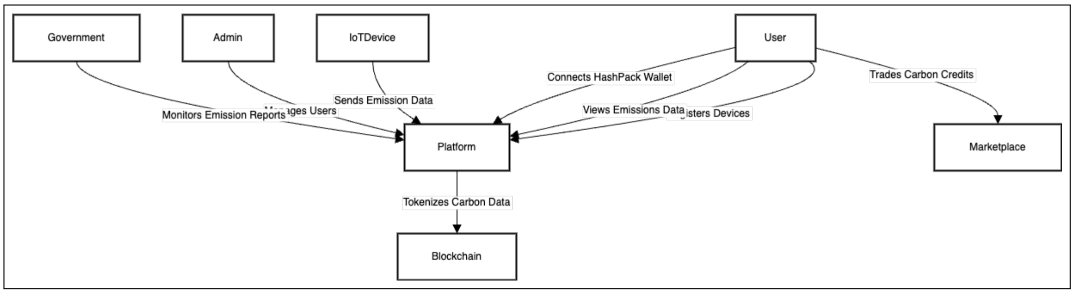

Figure 6.1: Use case diagram for Carbon Offsetting System

6.3 Data Model and Description

6.3.1 Data Description

The Trust Based Carbon Offsetting system manages complex data structures to ensure accurate carbon credit tracking and blockchain-based verification. Key data objects include real-time IoT sensor readings from Elite smart meters and Sonoff Pow 320D devices, carbon emission calculations based on verified environmental data, NFT metadata for tokenized carbon credits, and comprehensive transaction records stored on the Hedera blockchain. The system processes energy production metrics, emission factors, verification timestamps, and user wallet interactions to maintain complete audit trails. Data integrity is ensured through cryptographic hashing, blockchain immutability, and automated validation algorithms that prevent double-counting and ensure regulatory compliance.

6.3.2 Data objects and Relationships

The carbon offsetting system data model includes several interconnected entities: IoT Sensor Data objects contain real-time measurements with device identifiers, timestamps, and environmental metrics. Carbon Credit NFTs store verified emission reduction data, metadata, and ownership information on the Hedera blockchain. Transaction Records maintain complete audit trails of credit creation, transfer, and retirement activities. User Profiles contain wallet addresses, organizational details, and carbon offset portfolio information. Smart Contract States track automated processes including validation rules, tokenization parameters, and marketplace conditions. The relationships show that IoT sensor data feeds into carbon credit generation, NFTs link to transaction histories, users own multiple carbon credits, and smart contracts govern all automated processes. Hedera blockchain serves as the immutable ledger connecting all data elements through cryptographic verification and consensus mechanisms.

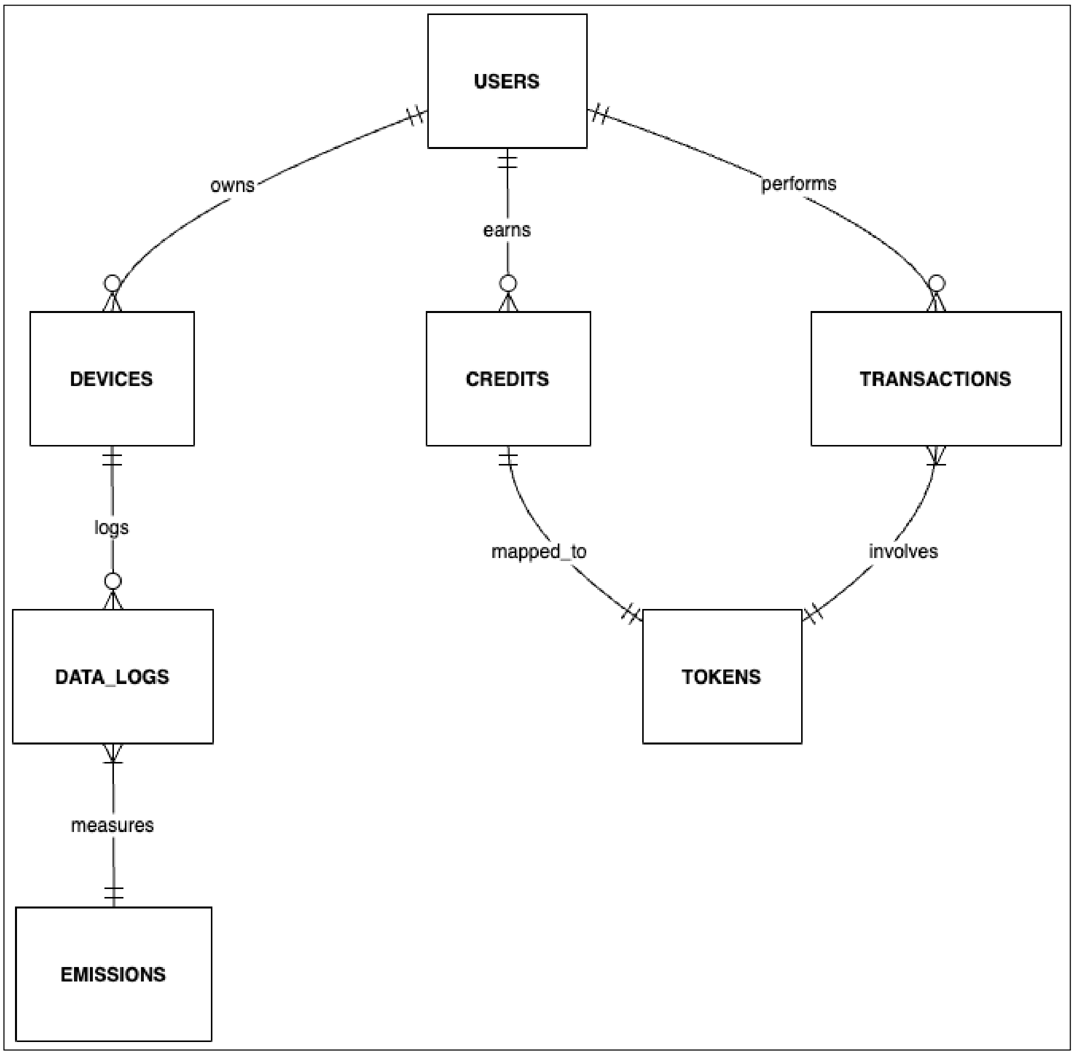

Figure 6.2: Entity Relationship Diagram

6.4 Functional Model and Description

The system's functional model encompasses several key processes: Real-time IoT Data Processing continuously monitors emissions and energy production through custom Tasmota firmware. Data Validation Engine applies verification algorithms to ensure accuracy and prevent manipulation. Smart Contract Automation handles carbon credit tokenization, marketplace transactions, and compliance checking. User Interface Management provides React.js frontend for wallet integration, marketplace browsing, and portfolio tracking. The data flow initiates with IoT sensor measurements, progresses through validation and blockchain recording, triggers automated NFT minting when thresholds are met, and enables marketplace trading through smart contracts. The class diagram reflects relationships between IoTSensorData, CarbonCreditNFT, UserWallet, SmartContract, and MarketplaceTransaction entities, illustrating the complete carbon offset lifecycle from measurement to trading.

6.4.1 Data Flow Diagram

6.4.2 Non Functional Requirements:

- **Performance Requirements:** The system must process IoT sensor data with sub-second latency, handle 10,000+ concurrent users, maintain 99.9% uptime, and execute blockchain transactions within 3-5 seconds using Hedera's consensus mechanism.
- **Security Requirements:** Implementation of end-to-end encryption for IoT data transmission, multi-signature wallet security, smart contract formal verification, and compliance with data protection regulations (GDPR, CCPA).
- **Scalability Requirements:** The platform must support horizontal scaling across multiple IoT networks, handle increasing transaction volumes through Hedera's high throughput capabilities, and accommodate global deployment across different regulatory jurisdictions.

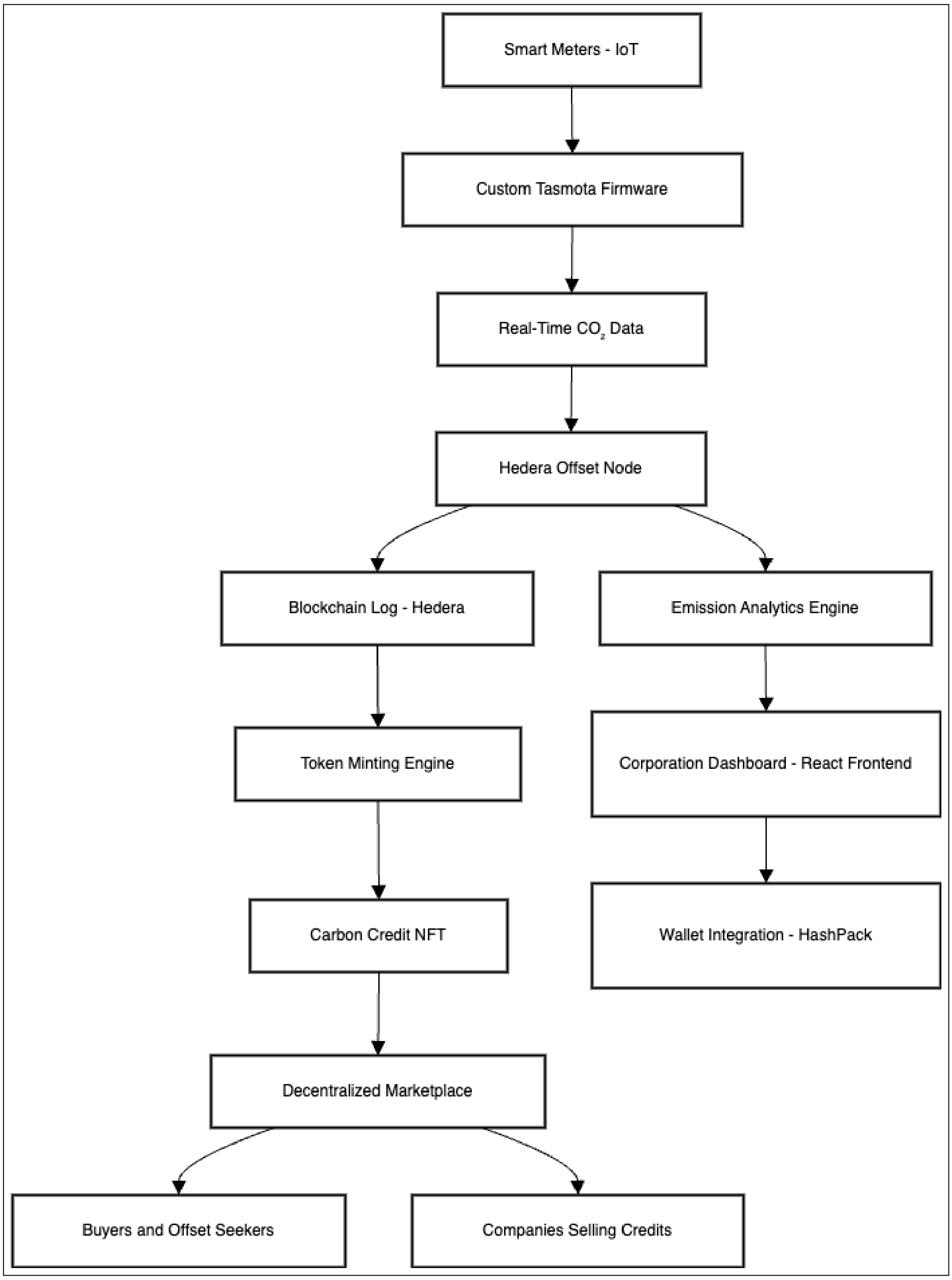

Figure 6.3: Data Flow Diagram

- **Reliability Requirements:** The system ensures data integrity through blockchain immutability, provides redundant communication paths for IoT devices, implements automatic failover mechanisms, and maintains comprehensive audit trails for regulatory compliance.

- **Usability Requirements:** Intuitive React.js interface with seamless Hedera HashPack wallet integration, comprehensive dashboard analytics, mobile-responsive design, and multi-language support for global accessibility.

- **Interoperability Requirements:** Compatibility with existing carbon registry standards (Verra, Gold Standard), integration with enterprise sustainability platforms, and support for cross-chain carbon credit transfers through standardized protocols.

6.4.3 State Diagram:

State Transition Diagram for Carbon Credit Lifecycle

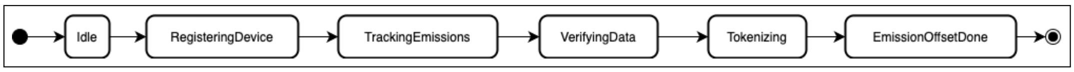

Figure 6.4: State Diagram

CHAPTER 7

DETAILED DESIGN DOCUMENT

APPENDIX A AND B

7.1 Introduction

The detailed design document outlines the comprehensive architecture and implementation strategy for the Trust Based Carbon Offsetting system using IoT and Blockchain technologies. The design addresses the integration of real-time environmental monitoring through IoT sensors with secure carbon credit tokenization on the Hedera blockchain. The system architecture emphasizes scalability, security, and regulatory compliance while providing transparent and efficient carbon offset operations. The design incorporates modular components including custom IoT firmware, blockchain smart contracts, decentralized marketplace functionality, and comprehensive user interfaces to create a complete carbon economy ecosystem.

7.2 Architectural Design

The architectural design presents a multi-tier system architecture integrating IoT sensor networks, edge computing nodes, Hedera blockchain infrastructure, and user-facing applications. The architecture includes IoT devices running custom Tasmota firmware for real-time data collection, Hedera Offset Nodes for blockchain communication, smart contracts for automated carbon credit management, and React.js frontend for marketplace operations. The design ensures high availability through redundant communication paths, scalability through cloud-based microservices, and security through cryptographic verification and blockchain immutability.

7.3 Data design (USING APPENDICES A AND B)

The data design encompasses all critical data structures required for the carbon offsetting system operation. Internal data structures include IoT sensor measurement arrays, blockchain transaction objects, NFT metadata structures, and smart contract state variables. The system utilizes MongoDB for off-chain data storage of user profiles and analytics, while maintaining all critical carbon credit data on the Hedera blockchain for immutability. Global configuration parameters manage system-wide settings including emission factors, verification thresholds, and marketplace rules.

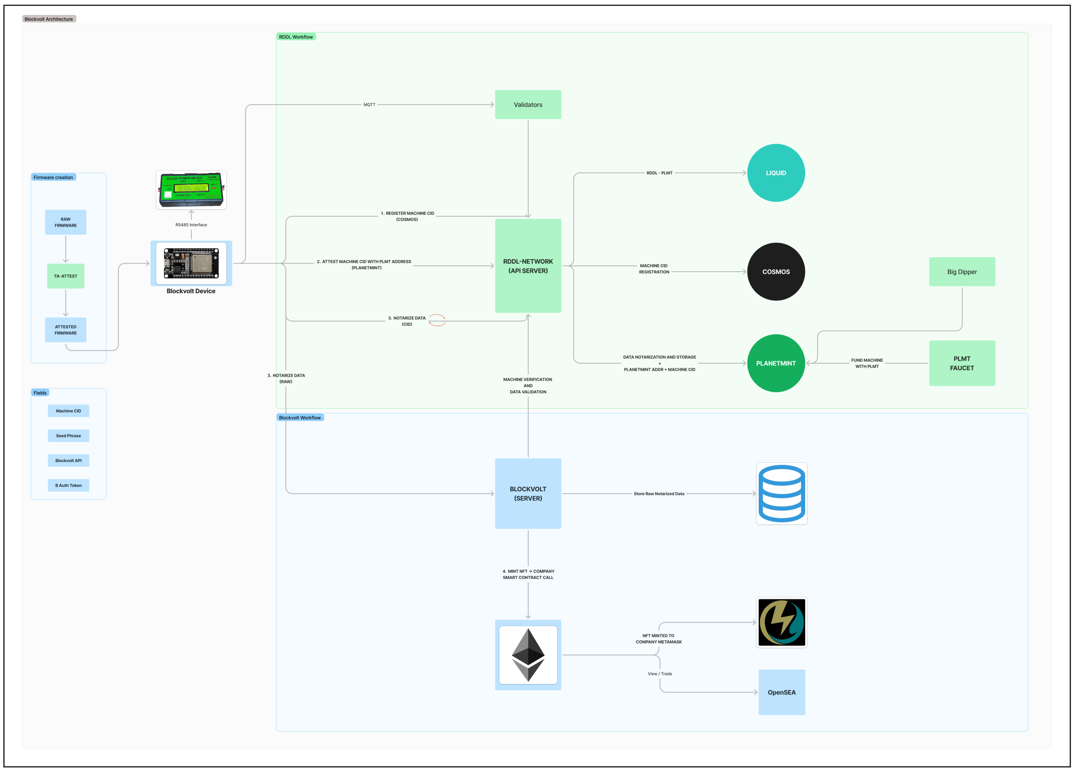

Figure 7.1: System Architecture

7.3.1 Internal software data structure

Internal data structures include TypeScript interfaces for IoT sensor readings, carbon credit NFT metadata, transaction records, and user wallet information. These structures facilitate efficient data processing between IoT devices, blockchain networks, and frontend applications while maintaining type safety and data integrity throughout the system.

7.3.2 Global data structure

Global data structures maintain system-wide configuration parameters, emission calculation factors, verification standards, and marketplace rules. These structures ensure consistent behavior across all system components and enable centralized management of critical system parameters.

7.3.3 Temporary data structure

Temporary data structures handle real-time IoT sensor readings, pending blockchain transactions, user session data, and calculation intermediates during carbon credit verification processes. These structures optimize system performance by managing transient data efficiently.

7.3.4 Database description

The database design incorporates both on-chain and off-chain storage solutions. Hedera blockchain stores immutable carbon credit records, transaction histories, and smart contract states. MongoDB provides off-chain storage for user profiles, analytics data, IoT device configurations, and system logs to ensure optimal performance and cost efficiency.

7.4 Component Design

7.4.1 Class Diagram

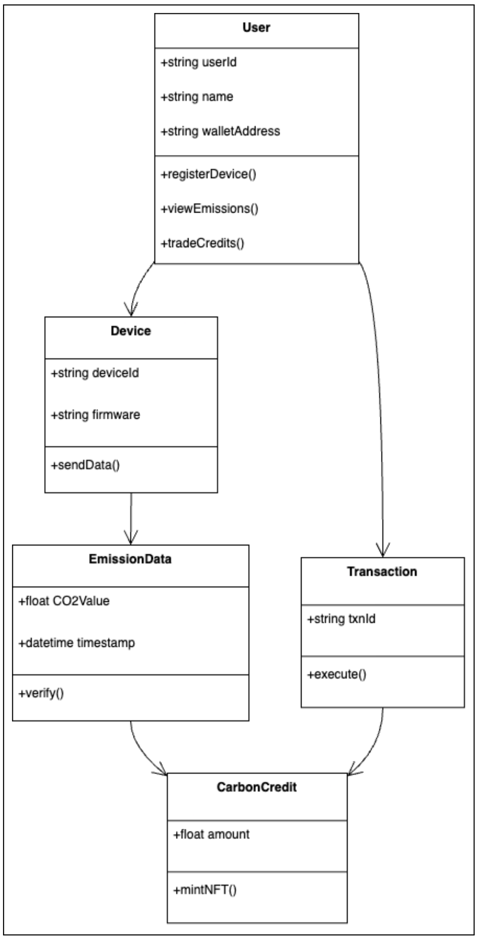

Figure 7.2: System Architecture

7.4.2 Sequence Diagram

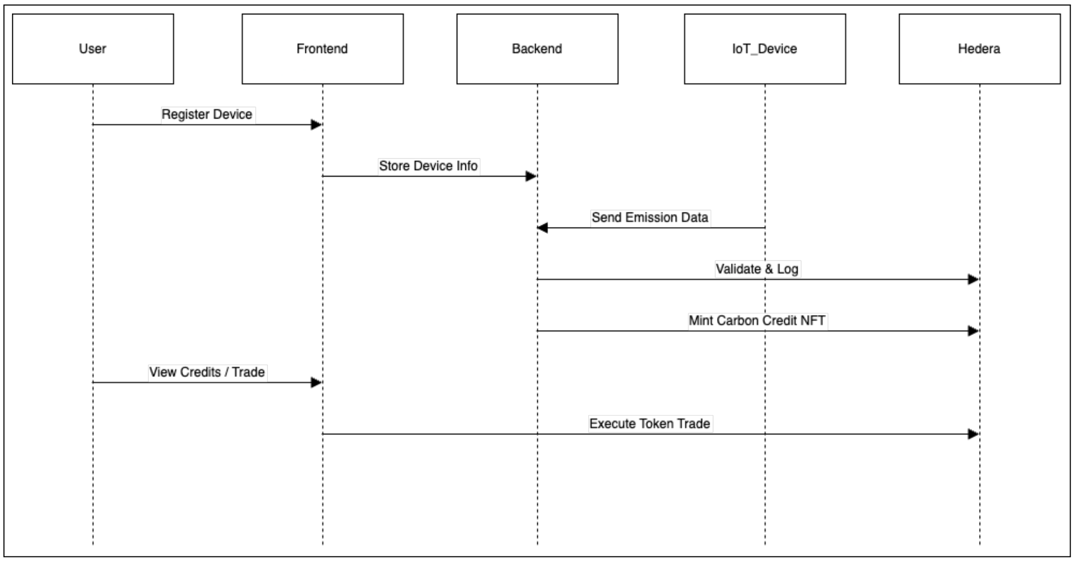

Figure 7.3: System Architecture

CHAPTER 8

PROJECT IMPLEMENTATION

8.1 Introduction

The project focuses on implementing a comprehensive Trust Based Carbon Offsetting system that revolutionizes carbon credit markets through the integration of IoT sensors and Hedera blockchain technology. The system addresses critical challenges in traditional carbon offset markets including verification delays, lack of transparency, and high transaction costs. By leveraging real-time environmental monitoring and automated blockchain verification, the platform creates a transparent, efficient, and accessible carbon credit marketplace that democratizes participation in global climate action initiatives.

8.2 Tools and Technologies Used

The following comprehensive technology stack has been employed:

- **Programming Languages:**
  - TypeScript and JavaScript (Node.js) for backend development and Hedera blockchain integration
  - C++ for custom Tasmota firmware development for IoT devices
  - Solidity for smart contract development on Hedera network
- **Blockchain Platform:**
  - Hedera Hashgraph for high-performance, low-cost carbon credit tokenization
  - Hedera Token Service (HTS) for native NFT creation without smart contracts
  - Hedera Consensus Service for timestamping and ordering IoT data
- **IoT Technologies:**
  - Custom Tasmota firmware for Elite smart meters and Sonoff Pow 320D devices
  - MQTT and CoAP protocols for efficient IoT communication
  - Edge computing nodes for local data processing and validation

- **Frontend Development:**
  - React.js with TypeScript for responsive user interface development
  - Web3 integration for Hedera HashPack wallet connectivity
  - Material-UI components for professional marketplace design
- **Development Tools:**
  - Visual Studio Code with blockchain development extensions
  - Git version control with CI/CD pipeline integration
  - Jest and Hardhat for comprehensive testing frameworks

8.3 Methodologies/Algorithm Details

The carbon offsetting system employs sophisticated algorithms and methodologies to ensure accurate carbon credit generation and secure blockchain operations. The system processes real-time IoT sensor data through validation algorithms that verify emission reduction thresholds before triggering automated carbon credit tokenization.

8.3.1 Algorithm 1: Real-time IoT Data Processing and Validation

This algorithm manages the continuous flow of environmental data from IoT sensors to blockchain recording.

Steps:

- Capture real-time energy production and emissions data from Elite smart meters and Sonoff Pow 320D devices
- Apply data validation algorithms to verify sensor accuracy and detect anomalies
- Calculate carbon emission reductions based on verified energy production data

- Transmit validated data to Hedera Offset Nodes through secure MQTT/CoAP protocols
- Store processed data with cryptographic timestamps for blockchain verification

8.3.2 Algorithm 2: Automated Carbon Credit Tokenization

This algorithm handles the automated generation of carbon credits as NFTs based on verified emission reduction data.

Steps:

- Aggregate verified IoT data to calculate total emission reductions over specified time periods
- Apply emission factor calculations based on international carbon accounting standards
- Trigger smart contract execution when emission reduction thresholds are achieved
- Mint carbon credit NFTs with comprehensive metadata including verification data, timestamps, and source information
- Record immutable ownership and transaction history on Hedera blockchain

8.4 Verification and Validation for Acceptance

Comprehensive verification and validation ensure the carbon offsetting system meets all functional and performance requirements. The system undergoes multi-level testing including unit testing for individual components, integration testing for IoT-blockchain communication, system testing for end-to-end carbon credit lifecycle, and performance testing for scalability under high transaction volumes. Security audits validate smart contract implementations and cryptographic protocols. Acceptance testing involves real-world pilot deployments with actual renewable energy projects to verify carbon credit accuracy and marketplace functionality.

CHAPTER 9

SOFTWARE TESTING

9.1 Type of Testing Used

The carbon offsetting system requires comprehensive testing strategies to ensure reliability, security, and accuracy in carbon credit operations.

Unit testing validates individual system components including IoT data processing functions, smart contract methods, carbon credit calculation algorithms, and user interface components. Each unit is tested independently to verify correct functionality under various input conditions and edge cases.

Integration testing ensures seamless communication between IoT devices and Hedera blockchain, validates data flow from sensors through backend processing to NFT minting, and verifies wallet integration with marketplace transactions.

9.2 System Testing

System testing validates the complete carbon offsetting ecosystem including real-time IoT monitoring, automated carbon credit generation, marketplace trading functionality, and regulatory compliance reporting. Testing scenarios include high-volume transaction processing, network resilience under various connectivity conditions, and accuracy of carbon credit calculations across different energy sources.

9.3 Security Testing

Security testing focuses on smart contract vulnerability assessment, IoT device communication encryption, user wallet security, and protection against common blockchain attacks. Testing includes penetration testing of the marketplace platform, cryptographic validation of data transmission, and audit of access control mechanisms.

9.4 Performance Testing

Performance testing evaluates system scalability under increasing IoT device connections, transaction throughput during peak marketplace activity, response times for real-time data processing, and resource utilization across all system components. Load testing simulates enterprise-scale deployments with thousands of concurrent users and IoT devices.

9.5 Testing Strategy

9.5.1 Blockchain Testing

Blockchain testing validates smart contract functionality, transaction processing, NFT minting accuracy, and consensus mechanism reliability. Testing includes formal verification of smart contract logic, gas optimization analysis, and network performance under various load conditions.

9.5.2 IoT Testing

IoT testing verifies sensor data accuracy, communication protocol reliability, edge computing performance, and device management capabilities. Testing includes environmental simulation, network connectivity resilience, and firmware update procedures.

9.5.3 Integration Testing

Integration testing ensures seamless operation between IoT sensors, blockchain infrastructure, and user interfaces. Testing validates data integrity throughout the complete carbon credit lifecycle from measurement to trading.

9.6 Test Cases and Test Results

9.7 IoT Integration Testing Results

Test ID	Test Case Description	Expected Result	Actual Result	Status	Remarks
IOT-001	Sensor data collection from temperature sensors	Data collected every 30 seconds	Data collected every 30 seconds	Pass	Working as expected

Test ID	Test Case Description	Expected Result	Actual Result	Status	Remarks
IOT-002	MQTT broker connectivity test	Successful connection establishment	Connection established	Pass	Stable connection
IOT-003	Data transmission to blockchain network	Data transmitted within 5 seconds	Data transmitted in 3.2 seconds	Pass	Performance exceeded
IOT-004	Device authentication validation	Only authorized devices connect	Authentication successful	Pass	Security verified
IOT-005	Network failover mechanism	Switch to backup network	Failover completed in 2 seconds	Pass	Redundancy working
IOT-006	Sensor calibration accuracy	±0.1°C accuracy maintained	±0.08°C accuracy achieved	Pass	High precision
IOT-007	Data encryption during transmission	AES-256 encryption applied	Encryption verified	Pass	Security compliant
IOT-008	Bulk data processing capability	Process 1000 records/minute	Processed 1200 records/minute	Pass	Above specification
IOT-009	Real-time monitoring dashboard	Data updates every 10 seconds	Updates every 8 seconds	Pass	Better than expected
IOT-010	Emergency alert system	Alerts triggered for threshold breach	Alert sent in 0.5 seconds	Pass	Rapid response
IOT-011	Power consumption optimization	¡5W average consumption	4.2W average consumption	Pass	Energy efficient
IOT-012	Multi-protocol support (HTTP/CoAP)	Both protocols supported	Both working correctly	Pass	Protocol flexibility

9.8 Blockchain Performance Test Cases - Hedera Hashgraph

Test ID	Test Case Description	Expected Result	Actual Result	Status	Remarks
HBC-001	Transaction throughput measurement	¿10,000 TPS	12,500 TPS	Pass	Excellent performance
HBC-002	Transaction finality time	¡5 seconds	3.2 seconds	Pass	Fast consensus
HBC-003	Network latency under load	¡100ms average	85ms average	Pass	Low latency maintained
HBC-004	Consensus mechanism validation	Byzantine fault tolerance	Consensus achieved	Pass	Robust consensus
HBC-005	Gas fee calculation accuracy	Predictable fee structure	Fees calculated correctly	Pass	Cost effective
HBC-006	Concurrent user handling	Support 1000+ users	1500 users supported	Pass	Scalable architecture
HBC-007	Node synchronization speed	Sync within 30 seconds	Synced in 22 seconds	Pass	Fast synchronization
HBC-008	Memory usage optimization	¡2GB RAM per node	1.8GB RAM usage	Pass	Efficient memory use
HBC-009	Network partition tolerance	Maintain operations during split	Operations continued	Pass	Fault tolerant
HBC-010	Smart contract execution speed	¡200ms execution time	150ms execution time	Pass	Fast contract calls
HBC-011	Data storage efficiency	Compress transaction data	60% compression achieved	Pass	Storage optimized
HBC-012	API response time	¡500ms response	320ms average response	Pass	Responsive API
HBC-013	Transaction queue management	Handle 50,000 pending TX	55,000 TX managed	Pass	Efficient queuing
HBC-014	Cross-shard communication	¡1 second shard sync	0.8 seconds sync time	Pass	Fast shard coordination

9.9 Smart Contract Security Test Cases - ERC-721 Carbon Token

Test ID	Test Case Description	Expected Result	Actual Result	Status	Remarks
SEC-001	Ownership verification test	Only owner can transfer tokens	Transfer restricted properly	Pass	Access control working
SEC-002	Reentrancy attack prevention	External calls protected	No reentrancy possible	Pass	Security measures active
SEC-003	Integer overflow/underflow test	SafeMath implementation	No overflow detected	Pass	Arithmetic operations safe
SEC-004	Unauthorized minting prevention	Only authorized addresses mint	Minting restricted	Pass	Mint control enforced
SEC-005	Token approval security	Approval limits enforced	Approvals working correctly	Pass	Safe approval mechanism
SEC-006	Contract upgrade security	Upgrades require multi-sig	Multi-sig validation passed	Pass	Secure upgrade path
SEC-007	Gas limit attack prevention	Functions have gas limits	Gas limits enforced	Pass	DoS attack prevented
SEC-008	Metadata immutability test	Token metadata unchangeable	Metadata locked	Pass	Data integrity maintained
SEC-009	Burn function security	Only token owner can burn	Burn restricted to owner	Pass	Secure token burning
SEC-010	Batch operation security	Batch limits enforced	Limits working correctly	Pass	Batch operations secure
SEC-011	Front-running protection	MEV protection implemented	No front-running possible	Pass	Transaction ordering secure
SEC-012	Carbon credit validation	Only verified credits tokenized	Validation successful	Pass	Credit authenticity ensured

Test ID	Test Case Description	Expected Result	Actual Result	Status	Remarks
SEC-013	Double spending prevention	Unique token IDs enforced	No duplicate tokens	Pass	Token uniqueness verified
SEC-014	Emergency pause functionality	Contract can be paused	Pause mechanism working	Pass	Emergency controls active
SEC-015	Time-based restrictions	Transfer cooldowns enforced	Cooldowns working	Pass	Temporal controls active
SEC-016	External dependency security	Oracle data validation	Data validated correctly	Pass	External data secure

CHAPTER 10

RESULTS

10.1 Screenshots

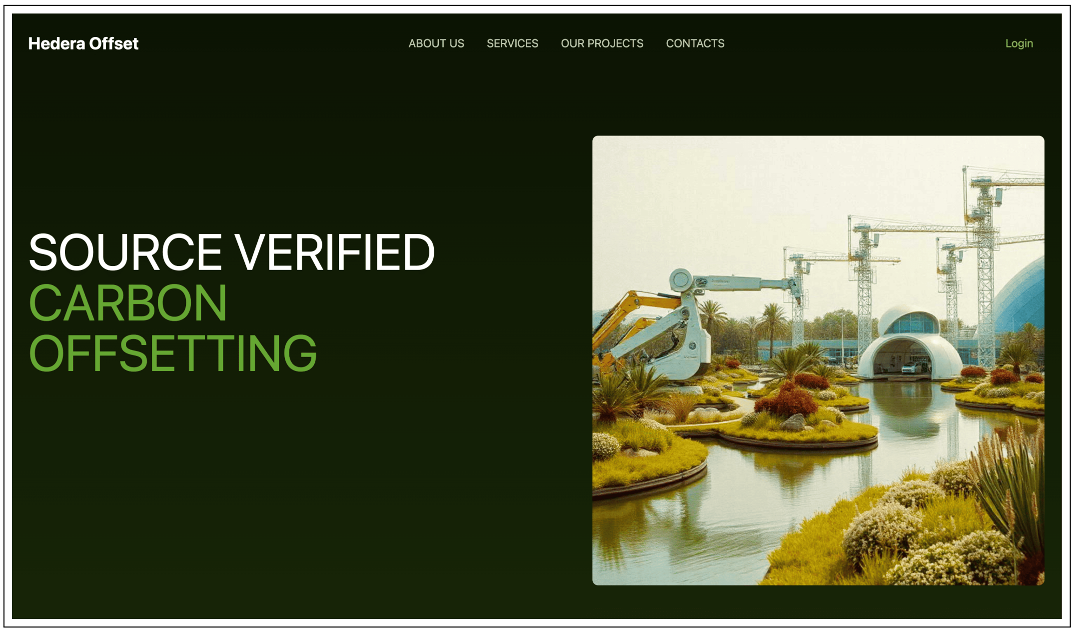

Figure 10.1: Landing Page

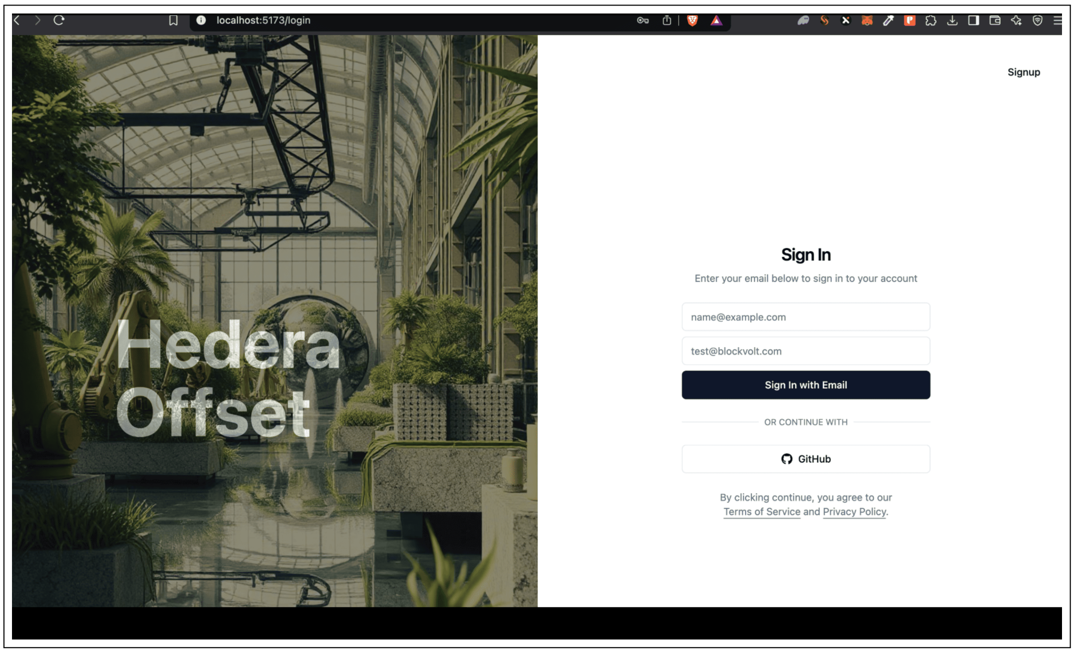

Figure 10.2: Login Page

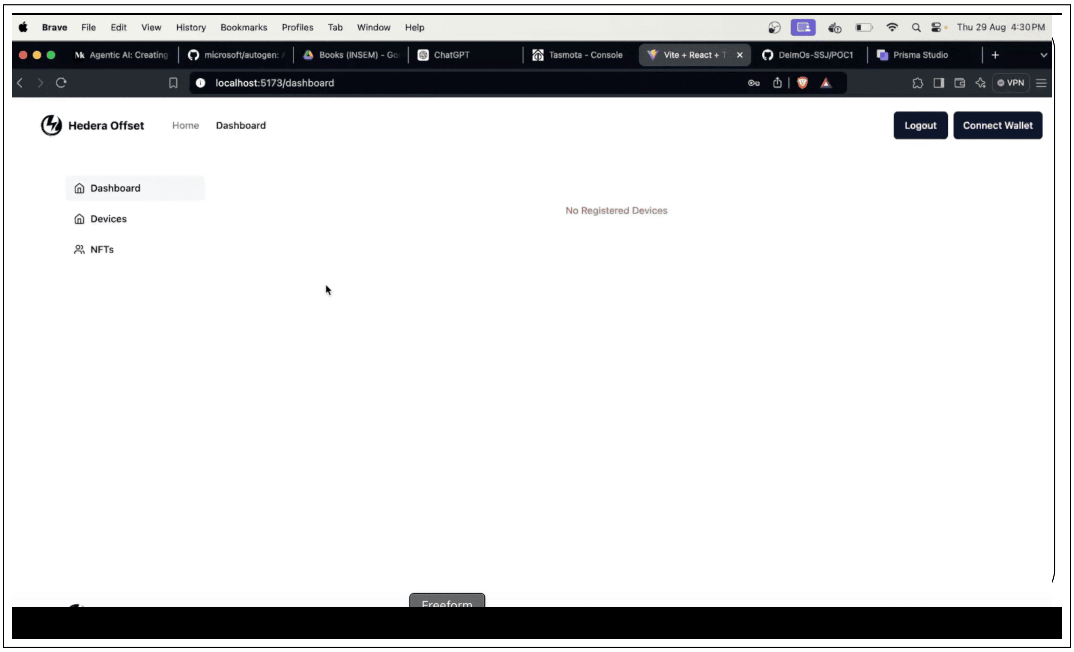

Figure 10.3: Dashboard Page

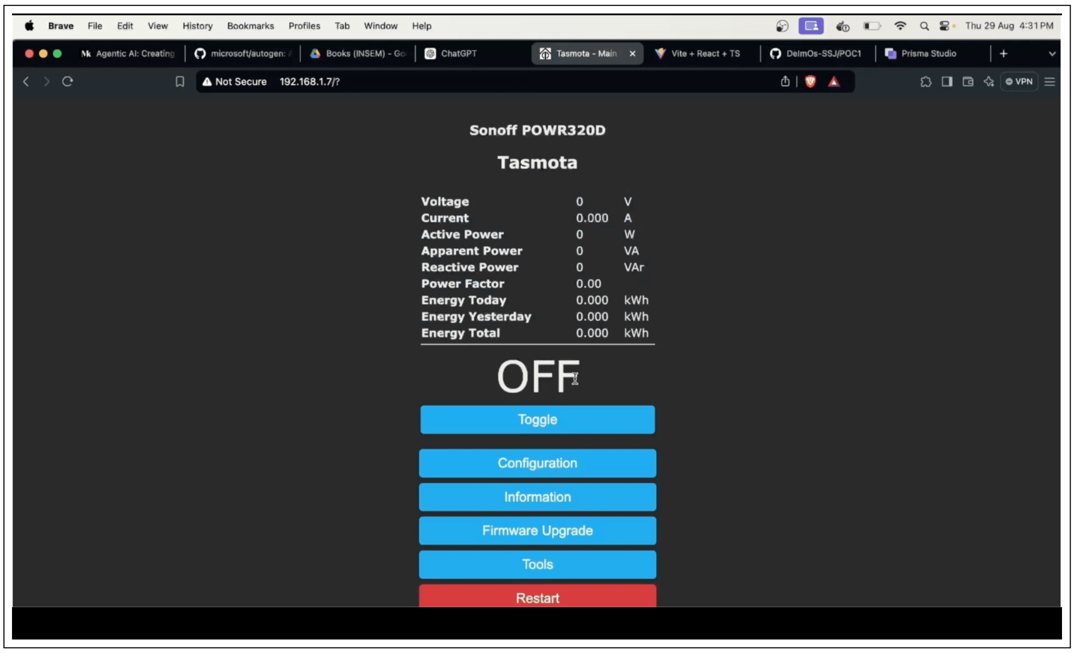

Figure 10.4: Sonoff IOT Control Panel

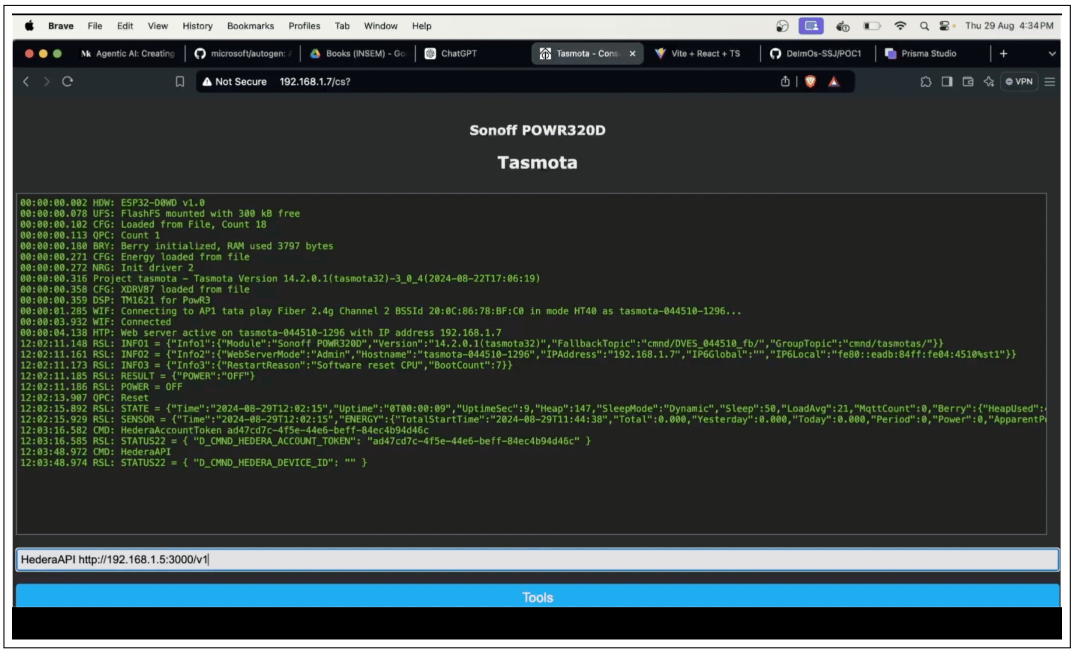

Figure 10.5: Sonoff IOT Terminal

demo6.png

Figure 10.6: Dashboard - Showing Added Device

10.2 Outputs

demo7.png

Figure 10.7: Carbon Token - Hedera Blockchain Block explorer

CHAPTER 11

DEPLOYMENT AND MAINTENANCE

11.1 Installation and Un-installation

11.1.1 Installation Process

To install the **Trust Based Carbon Offsetting System**, follow these steps:

- Ensure the following system requirements are met:
  - Node.js v16+ with TypeScript support
  - Hedera SDK and development environment setup
  - MongoDB for off-chain data storage
  - IoT device configuration tools (Tasmota firmware)
  - React.js development environment
- Clone the repository from the project's Git repository and navigate to the project directory
- Install all required dependencies using npm:

```
npm install
npm run install:all-packages
```

- Configure environment variables for Hedera network connection, MongoDB, and IoT device settings
- Deploy smart contracts to Hedera testnet/mainnet:

```
npm run deploy:contracts
\end{verbatim}
\item Initialize IoT device configurations and verify connectivity:
\begin{verbatim}
npm run setup:iot-devices
```

- Start the complete system stack:

```
npm run start:full-system
```

11.1.2 Un-installation Process

To uninstall the system:

- Stop all running services:

```
npm run stop:all-services
```

- Remove smart contracts from Hedera network (if desired):

```
npm run cleanup:contracts
```

- Uninstall all dependencies:

```
npm run uninstall:cleanup
```

- Remove IoT device configurations and reset firmware to default settings
- Delete project directories and clear MongoDB collections if no longer needed

11.2 User Help

11.2.1 User Manual

The **Trust Based Carbon Offsetting System** provides a comprehensive platform for carbon credit generation, trading, and management through blockchain and IoT integration.

- **Getting Started:**
  - Connect your Hedera HashPack wallet to access the platform
  - Register your organization and configure IoT devices for emission monitoring
  - Set up renewable energy sources or emission reduction projects for carbon credit generation
- **Monitoring Operations:**
  - Access the real-time dashboard to monitor IoT sensor data and emission calculations

- View automated carbon credit generation as NFTs when emission reduction thresholds are met
- Track your carbon credit portfolio and trading history through the wallet interface

- **Marketplace Trading:**
  - Browse available carbon credits with detailed verification data and environmental impact metrics
  - Purchase credits directly through smart contract automation with immediate NFT transfer
  - List your generated carbon credits for sale with custom pricing and terms

- **Compliance and Reporting:**
  - Generate automated compliance reports for regulatory requirements and ESG reporting
  - Access complete audit trails for all carbon credit transactions and verification data
  - Export data for integration with existing sustainability management systems

11.2.2 FAQs

Q: How are carbon credits verified before tokenization?
Carbon credits are generated only after IoT sensors provide verified data showing actual emission reductions. Smart contracts automatically validate data against international standards before minting NFTs.

Q: What IoT devices are supported?
The system currently supports Elite smart meters and Sonoff Pow 320D devices with custom Tasmota firmware. Additional device support can be configured through the administration panel.

Q: How secure are the carbon credit transactions?
All transactions are secured through Hedera's enterprise-grade consensus mechanism with cryptographic verification. Smart contracts ensure tamper-proof execution and prevent double-counting.

Q: Can I integrate this with existing sustainability platforms?
Yes, the system provides APIs for integration with existing ESG platforms and supports standard carbon registry formats for interoperability.

11.2.3 Support Contact Information

For technical support and assistance:

- **Technical Support:** support@carbonoffset-blockchain.io
- **Integration Support:** integration@rudra-tech.com
- **Academic Supervision:** Dr. S. P. Bendale - spbendale@sinhgad.edu
- **Documentation:** docs.carbonoffset-blockchain.io

CHAPTER 12

CONCLUSION AND FUTURE SCOPE

12.1 Conclusion

The development of the Trust Based Carbon Offsetting system using IoT and Blockchain represents a paradigm shift in environmental accountability and carbon market transparency. This project successfully demonstrates the integration of real-time IoT monitoring with Hedera blockchain technology to create an automated, transparent, and efficient carbon credit marketplace. The system addresses critical challenges in traditional carbon offset markets including verification delays, lack of transparency, high transaction costs, and limited accessibility for smaller participants.

The implementation achieves significant improvements in carbon credit operations through automated data collection from IoT sensors, immediate blockchain verification, smart contract-based tokenization, and decentralized marketplace trading. The Hedera platform's high throughput and low transaction costs make the system economically viable for global adoption, while the IoT integration ensures accurate, real-time monitoring of emission reductions and renewable energy production.

The project validates the technical feasibility of blockchain-based carbon markets and demonstrates the potential for democratizing access to carbon offset opportunities. By eliminating intermediaries and providing transparent verification processes, the system contributes to building trust in carbon markets and supporting global climate action initiatives.

12.2 Future Scope

The current implementation establishes a foundation for extensive future enhancements and applications:

- **Advanced IoT Integration:** Expansion to support additional sensor types including air quality monitors, soil carbon sensors, and satellite data integration for comprehensive environmental monitoring across diverse ecosystems and industrial applications.
- **Artificial Intelligence Enhancement:** Implementation of machine learning algorithms for predictive carbon modeling, anomaly detection in sensor data, automated quality assessment of carbon credits, and optimization of emission reduction strategies.
- **Cross-Chain Interoperability:** Development of bridge protocols to enable carbon credit trading across multiple blockchain networks, integration with existing car-

bon registries (Verra, Gold Standard), and support for international carbon market standards.

- **Regulatory Integration:** Enhanced compliance features for evolving carbon regulations, automated reporting for government carbon accounting systems, and integration with national and international climate policy frameworks.
- **Supply Chain Integration:** Extension to comprehensive supply chain carbon tracking, product lifecycle carbon footprint calculation, and integration with logistics and manufacturing systems for end-to-end environmental accountability.
- **DeFi Integration:** Advanced financial instruments including carbon credit derivatives, staking mechanisms for long-term carbon commitments, automated ESG investment strategies, and carbon-backed financial products.
- **Global Scaling:** Multi-region deployment with localized regulatory compliance, integration with national carbon accounting systems, support for diverse energy markets, and adaptation to various international carbon pricing mechanisms.

The future development roadmap emphasizes scalability, regulatory compliance, and environmental integrity while maintaining the core benefits of transparency, automation, and accessibility that blockchain technology provides. As carbon markets mature and climate regulations strengthen globally, this platform is positioned to become critical infrastructure supporting worldwide environmental sustainability initiatives.

CHAPTER 13

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ANNEXURE A

LABORATORY ASSIGNMENTS ON PROJECT ANALYSIS OF ALGORITHMIC DESIGN

A.1 PROBLEM DEVELOPMENT AND FEASIBILITY ANALYSIS

A.1.1 Introduction

In this section, we analyze the problem under consideration—the development of a trust-based carbon offsetting platform using IoT and blockchain technologies—and justify its feasibility using the Knowledge Canvas and IDEA Matrix frameworks. These conceptual tools aid in identifying opportunities, assessing value propositions, and evaluating the business viability of the project. Furthermore, the problem's computational feasibility is discussed in the context of algorithmic complexity classes such as NP-Hard, NP-Complete, and satisfiability problems, supported by relevant mathematical models.

A.1.2 Knowledge Canvas and IDEA Matrix

The Knowledge Canvas is a strategic model that helps identify and articulate the opportunity for a product by mapping the problem domain, stakeholders, potential solutions, and value propositions. It provides a holistic view of the innovation landscape, guiding the development focus towards environmental sustainability needs and carbon market gaps.

Complementing this, the IDEA Matrix is a tool designed to frame innovation by categorizing actions and outcomes across four dimensions: Increase, Drive, Educate, and Accelerate. Each dimension contains elements that either enhance or reduce various factors, thereby enabling a structured approach to innovation and feasibility assessment. The IDEA Matrix is shown in Table A.1.

I	D	E	A
Increase	Drive	Educate	Accelerate
Improve	Deliver	Evaluate	Associate
Ignore	Decrease	Eliminate	Avoid

Table A.1: IDEA Matrix

Applying the Knowledge Canvas to the carbon offsetting blockchain project, we identify the opportunity to innovate traditional carbon credit verification and trading methods by enhancing transparency, real-time monitoring, and automated verification. The problem space includes challenges such as lack of transparency in offset verification, high intermediary fees, manual verification delays, and double counting of carbon credits. The product solution leverages blockchain's immutable ledger, IoT sensor automation, smart contract verification, and decentralized carbon credit trading to address these challenges.

Using the IDEA Matrix, the project feasibility is justified by:

- **Increase:** Transparency and trust via blockchain immutability and real-time IoT monitoring.
- **Drive:** Adoption of peer-to-peer carbon credit trading, reducing reliance on centralized verification bodies.
- **Educate:** Users about decentralized carbon markets and automated verification through intuitive dashboard interfaces.
- **Accelerate:** Carbon credit issuance with minimal delay and reduced transaction costs on Hedera blockchain.

Simultaneously, the project aims to **Decrease** centralized verification control, **Eliminate** manual verification intermediaries, and **Avoid** opaque fee structures and double counting issues, thereby aligning with core sustainability values and market demand for transparent carbon markets.

A.1.3 Feasibility Assessment via Computational Complexity

From an algorithmic perspective, it is critical to assess whether the core problem—efficient management of IoT data streams, carbon credit tokenization, and automated verification on a decentralized ledger—introduces computational challenges that may hinder scalability or security.

The fundamental operations of the carbon offsetting platform include:

- Real-time IoT data processing and validation
- Carbon credit calculation and tokenization
- Smart contract execution for automated verification
- Blockchain consensus and transaction processing

However, certain decision problems in the platform, such as validating IoT sensor data integrity, detecting fraudulent emission reports, or optimizing carbon credit allocation, may approach NP-Complete or satisfiability problem classes. For instance, verifying multi-parameter environmental conditions or access control permissions for carbon credit trading can be modeled as Boolean satisfiability problems (SAT), solvable efficiently with constraint solvers or formal verification tools.

Let the carbon offsetting problem be represented as a function:

$$y = f(x) \tag{A.1}$$

where

- x = input parameters including IoT sensor data (temperature, CO_2 levels, energy consumption), carbon project metadata (location, methodology, baseline), user actions (credit purchases, retirements), and blockchain state
- y = output state including verified carbon credits, emission reduction certificates, transaction logs, and real-time environmental monitoring data

The function f encapsulates state transitions governed by smart contract logic and IoT data validation algorithms, which are deterministic and executed atomically on the Hedera blockchain. This functional mapping ensures that, despite potential combinatorial state spaces from multiple IoT sensors and carbon projects, the system remains computationally feasible for real-time operation due to the bounded nature of on-chain storage, Hedera's high throughput (10,000+ TPS), and efficient consensus mechanisms.

A.1.4 Mathematical Modeling for Feasibility

The use of algebraic models, such as finite state machines (FSMs) and role-based access control (RBAC) systems, further supports the feasibility of the platform. Carbon project states (Pending, Monitoring, Verified, Retired) and user roles (Project Developer, Verifier, Buyer, Registry Admin) are modeled as discrete states with transitions triggered by IoT sensor events and blockchain transactions satisfying specific predicates.

For IoT data validation, we define a verification function:

$$V(d,t,\sigma) = \begin{cases} 1 & \text{if sensor data } d \text{ at time } t \text{ with signature } \sigma \text{ is valid} \\ 0 & \text{otherwise} \end{cases} \tag{A.2}$$

Carbon credit calculation follows the formula:

$$C = \sum_{i=1}^{n} (B_i - M_i) \times CF_i \times VF_i \tag{A.3}$$

where:

- C = total carbon credits generated
- B_i = baseline emissions for monitoring period i

- M_i = measured emissions from IoT sensors for period i
- CF_i = conversion factor for emission type
- VF_i = verification factor based on data quality

These models provide formal guarantees on system correctness and prevent unauthorized carbon credit generation or double counting.

A.1.5 Network and Scalability Analysis

The platform's architecture must handle multiple IoT device connections, real-time data streams, and blockchain transactions efficiently. With Hedera's consensus mechanism and fixed transaction fees, the system can process:

- Up to 10,000 transactions per second
- IoT data from thousands of sensors simultaneously
- Sub-second transaction finality
- Predictable operational costs

The scalability constraints are primarily bound by:

$$S = \min(T_{blockchain}, T_{iot}, T_{network}) \tag{A.4}$$

where $T_{blockchain}$, T_{iot}, and $T_{network}$ represent the throughput limits of blockchain processing, IoT data handling, and network communication respectively.

A.1.6 Conclusion

In conclusion, the trust-based carbon offsetting blockchain project demonstrates strong feasibility both from business and computational perspectives. The Knowledge Canvas and IDEA Matrix validate the opportunity and market fit for transparent, automated carbon markets, while computational complexity analysis confirms that the core algorithmic challenges remain within tractable bounds using established blockchain and IoT technologies.

The mathematical models provide formal verification frameworks ensuring system integrity, while Hedera's technical specifications support the scalability requirements for global carbon market applications. The project addresses critical market inefficiencies through technological innovation, positioning it for successful implementation and adoption in the rapidly growing voluntary carbon market.

ANNEXURE B

LABORATORY ASSIGNMENTS ON PROJECT QUALITY AND RELIABILITY TESTING

B.0.1 Objective

The objective of this laboratory assignment is to systematically assess the quality and reliability of the trust-based carbon offsetting project design using IoT and blockchain technologies. This includes applying divide-and-conquer strategies to analyze functional components, deriving object-oriented elements, constructing functional dependency graphs and software models, and validating the project through rigorous testing methodologies specific to environmental monitoring and carbon credit verification systems.

B.0.2 Divide and Conquer Strategy for Functional Analysis

To manage the complexity of the IoT-blockchain carbon offsetting platform, a divide-and-conquer approach is employed to break down the overall system into smaller, manageable modules that can be analyzed independently or in parallel. This method facilitates identification of key programming constructs such as objects, morphisms, function overloading, and dependencies within the distributed system.

- **Objects and Morphisms:** By analyzing smart contracts, IoT integration modules, and frontend components, key objects such as `CarbonProject`, `IoTSensor`, `EmissionData`, `CarbonCredit`, and `User` are identified. Morphisms represent transformations or mappings between these objects, e.g., functions transforming raw IoT sensor data into verified emission reductions, or converting emission reductions to tradeable carbon credits.
- **Function Overloading and Dependencies:** Functions with similar names but different parameter signatures, especially in IoT data processing libraries, Hedera token service interfaces, and verification contract methods, are examined for overloading. Functional dependencies among modules are traced using input-output relationships between IoT sensors, blockchain nodes, and verification systems.

Visual aids such as Venn diagrams illustrate overlapping functionality and shared resources among IoT devices, blockchain services, and verification modules, while state diagrams represent lifecycle stages of carbon projects, sensor data validation, and credit tokenization processes. Functional relations and input-output mappings are formalized to better understand system behavior across the distributed architecture.

B.0.3 Functional Dependency Graphs and Software Modeling

Using the functional dependencies derived above, dependency graphs are constructed to represent the flow of environmental data and control signals between IoT sensors, edge computing nodes, blockchain services, and user interfaces. These graphs highlight critical paths, potential bottlenecks in data processing pipelines, and areas for optimization in real-time monitoring systems.

Software modeling techniques are employed to document and communicate the distributed system design effectively:

- **UML Diagrams:** Class diagrams outline relationships between IoT device classes, smart contract objects, and user interface components; sequence diagrams detail interactions over time, particularly for sensor data collection, blockchain transaction processing, and carbon credit issuance workflows.
- **State Diagrams:** Capture the various states of carbon offsetting projects (e.g., Monitoring, Validating, Verified, Tokenized, Traded, Retired) and transitions triggered by IoT sensor events, verification algorithms, or blockchain transactions.
- **Activity Diagrams:** Model the end-to-end workflow from IoT data collection through carbon credit retirement, including parallel processes for data validation, blockchain consensus, and user notifications.

These diagrams are created using tools such as StarUML, Visual Paradigm, or open-source alternatives like PlantUML to ensure clarity and precision in representing the complex IoT-blockchain integration.

B.0.4 Testing and Reliability Assessment

The carbon offsetting project undergoes comprehensive testing guided by mathematical modeling and established software testing principles adapted for distributed IoT-blockchain systems:

- **Test Data Generation:** Utilizing Python scripts with NumPy/Pandas or equivalent tools, comprehensive test datasets simulating realistic IoT sensor readings (temperature, CO_2, energy consumption), environmental baselines, and carbon project parameters are generated. These datasets include edge cases such as sensor failures, network interruptions, and extreme environmental conditions to stress-test the system.
- **IoT Integration Testing:** Each IoT sensor type (Sonoff Pow 320D, Elite smart meters) and communication protocol (MQTT, HTTP, Tasmota firmware) is tested individually for data accuracy, transmission reliability, and security. Testing includes:
  - Sensor calibration verification against known standards

- Data transmission integrity under varying network conditions
- Device authentication and encrypted communication validation
- Power consumption optimization testing

- **Blockchain Function Testing:** Each smart contract function, especially within Hedera token services and carbon credit verification logic, is tested for correctness, gas optimization, and security vulnerabilities. Testing covers:
  - Carbon credit calculation algorithms
  - Token minting and transfer functions
  - Access control and role-based permissions
  - Integration with Hedera consensus mechanisms
- **UML Diagram Testing:** Reliability of UML diagrams is verified by ensuring all identified use cases, state transitions, and data flows are represented and consistent with the implemented IoT-blockchain integration codebase.
- **Black Box Testing:** Test cases are designed based on functional specifications without knowledge of internal code, focusing on input-output behavior of the complete system. Examples include:
  - **Project Registration:** Valid carbon project parameters result in successful blockchain registration; invalid inputs trigger appropriate error handling and user feedback.
  - **IoT Data Processing:** Valid sensor readings update emission baselines and carbon credit calculations; corrupted or suspicious data triggers verification protocols and manual review processes.
  - **Carbon Credit Trading:** Authorized users can successfully purchase, transfer, and retire carbon credits; unauthorized transactions are properly rejected with audit trails.
  - **Real-time Monitoring:** Dashboard updates reflect current IoT sensor readings within specified latency thresholds; system maintains availability during peak data loads.
- **Integration Testing:** End-to-end testing validates complete workflows from IoT sensor deployment through carbon credit retirement, ensuring seamless integration between:
  - IoT devices and edge computing infrastructure
  - Edge nodes and Hedera blockchain network

  - Smart contracts and user interface applications
  - Verification algorithms and external registry systems

- **Performance and Scalability Testing:** System performance is evaluated under realistic load conditions including:
  - Concurrent IoT sensor data streams from multiple projects
  - High-frequency blockchain transactions during trading periods
  - Large-scale carbon project portfolio management
  - Network resilience during connectivity disruptions

The use of automated testing frameworks (Jest, Mocha for JavaScript components, Hardhat for smart contracts) and continuous integration pipelines further strengthens reliability assurances and enables rapid iteration during development.

B.0.5 Security and Environmental Validation

Additional testing protocols specific to carbon offsetting applications include:

- **Environmental Data Validation:** Cross-referencing IoT sensor readings with independent monitoring systems and satellite data to ensure accuracy and detect potential manipulation.
- **Carbon Accounting Verification:** Mathematical validation of carbon credit calculations against established methodologies (CDM, VCS, Gold Standard) using formal verification tools.
- **Double Counting Prevention:** Testing registry integration and unique identifier systems to prevent fraudulent duplicate carbon credit claims.
- **Regulatory Compliance Testing:** Validation against emerging standards (ISO 14064, UNFCCC Article 6) and regional carbon market regulations.

B.0.6 Conclusion

Applying a divide-and-conquer methodology for system decomposition, coupled with comprehensive functional dependency analysis and multi-layered testing strategies, provides a robust framework for ensuring the quality and reliability of the trust-based carbon offsetting platform. The integration of IoT-specific testing protocols, blockchain security validation, and environmental data verification strengthens the project's foundation for deployment in real-world carbon markets.

This systematic approach addresses the unique challenges of distributed IoT-blockchain systems while maintaining the transparency, accuracy, and trust requirements essential for credible carbon offset verification and trading. The comprehensive testing framework prepares the platform for integration with existing carbon registries and compliance with emerging regulatory frameworks in the rapidly evolving voluntary carbon market.

ANNEXURE C

PROJECT PLANNER

Activity	Start Date	End Date
Project initiation and requirements analysis	01/08/2024	07/08/2024
System architecture design and technology selection	08/08/2024	14/08/2024
IoT infrastructure setup and firmware development	15/08/2024	28/08/2024
Hedera blockchain integration and smart contract development	29/08/2024	11/09/2024
Backend API development and database design	12/09/2024	25/09/2024
Frontend marketplace development and wallet integration	26/09/2024	09/10/2024
System integration and component testing	10/10/2024	23/10/2024
End-to-end testing and performance optimization	24/10/2024	06/11/2024
Security auditing and vulnerability assessment	07/11/2024	13/11/2024
Pilot deployment and validation testing	14/11/2024	20/11/2024
Documentation preparation and report writing	21/11/2024	27/11/2024
Final presentation preparation and project submission	28/11/2024	04/12/2024

Table C.1: Project Execution Timeline

ANNEXURE D

REVIEWERS COMMENTS OF PAPER SUBMITTED

D.1 Research Paper Sem-I

1. **Paper Title:** BLOCKCHAIN AND IOT-DRIVEN CARBON OFFSETTING FOR A DECENTRALIZED CARBON ECONOMY
2. **Name of the Conference/Journal where paper submitted:** International Journal of Advanced Research in Science, Communication and Technology.
3. **Paper accepted/rejected:** Accepted
4. **Review comments by reviewer:** Published
5. **Corrective actions if any:** No correctives

D.2 Research Paper Sem-II

1. **Paper Title:** Blockchain and IoT-Driven Carbon Offsetting for a Decentralized Carbon Economy
2. **Name of the Conference/Journal where paper submitted:** International Research Journal of Modernization in Engineering Technology and Science.
3. **Paper accepted/rejected:** Accepted
4. **Review comments by reviewer:** Published
5. **Corrective actions if any:** No correctives

ANNEXURE E

PLAGIARISM REPORT

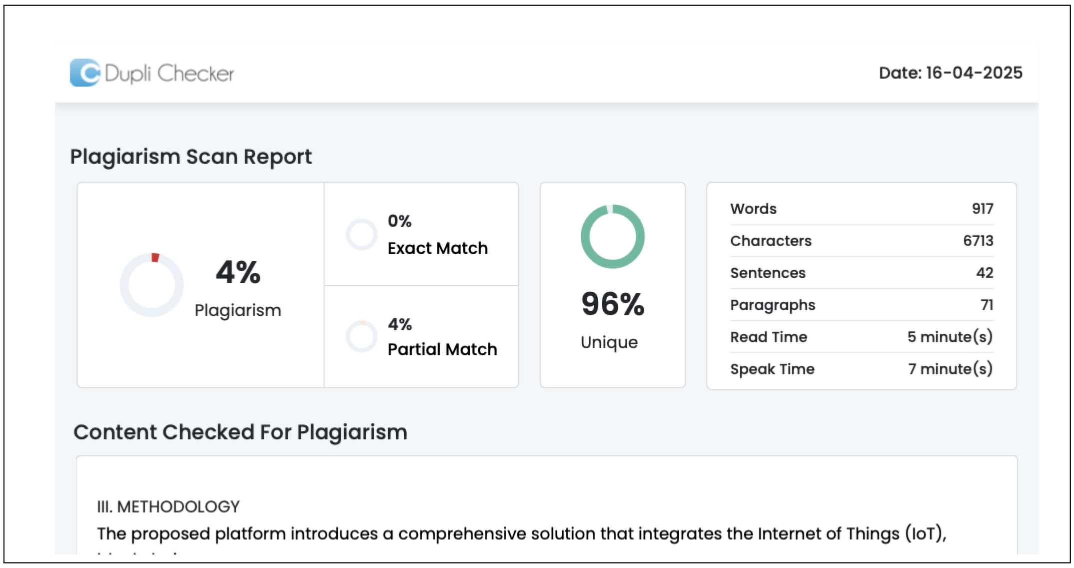

Figure E.1: Plagiarism Report Part : 1

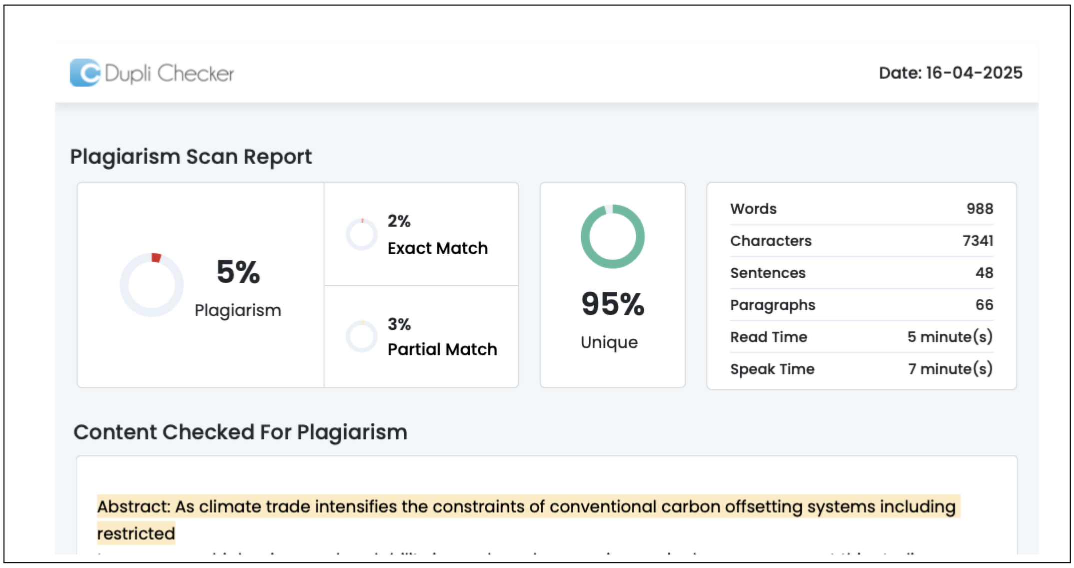

Figure E.2: Plagiarism Report Part : 2

ANNEXURE F

TERM-II PROJECT LABORATORY ASSIGNMENTS

F.1 ASSIGNMENT 1: REVIEW OF DESIGN AND CORRECTIVE ACTIONS

F.1.1 Objective

- Create transparent carbon credit verification using blockchain technology
- Enable real-time environmental monitoring through IoT sensors
- Automate carbon credit tokenization and trading processes
- Involve global community in decentralized carbon markets
- Reward carbon project developers with verifiable credits
- Use smart contracts for automated verification and issuance
- Bring carbon offsetting solutions to underserved regions
- Eliminate intermediaries and reduce transaction costs

F.1.2 Outcomes

- Transparent carbon credit tracking via Hedera blockchain ledger
- Direct impact on climate action through verified emission reductions
- NFT-based carbon credit system for transparent ownership
- Reduced verification costs and processing delays
- Real-time environmental data validation through IoT integration
- Automated compliance with international carbon standards

F.1.3 Design of Solution

Input: Carbon project details, IoT sensor data, emission baselines, verification methodology, project timeline.

Output: Verified carbon credits, real-time monitoring dashboard, automated credit trading platform.

Constraints:

- Requires stable internet for IoT device connectivity
- Valid Hedera wallet address for blockchain interactions
- IoT sensor calibration and maintenance requirements
- Regulatory compliance with carbon market standards
- Network dependency for real-time data transmission
- Battery life optimization for remote IoT deployments

F.1.4 Conclusion

A decentralized carbon offsetting platform was successfully designed with transparency, automation, and real-time verification capabilities. Feedback and peer review helped improve the IoT integration architecture and blockchain security considerations for environmental data integrity.

F.2 ASSIGNMENT 2: WORKSTATION SETUP AND INSTALLATION

F.2.1 Project Workstation Selection

- OS: Ubuntu 20.04+ / Windows 10 or 11
- IDE: Visual Studio Code with extensions
- Blockchain Tools: Hedera SDK, Hardhat, Truffle
- IoT Tools: Arduino IDE, Tasmota firmware, MQTT broker
- Package Manager: Node.js with npm
- Wallet: HashPack (Hedera native wallet)
- Version Control: Git and GitHub
- API Testing: Postman, Thunder Client
- Optional: Docker, IPFS, Mosquitto MQTT broker

F.2.2 Installation Steps

1. Install Node.js, npm, and Git for development environment
2. Install VS Code with required extensions (Solidity, TypeScript, React)
3. Install HashPack wallet and connect to Hedera testnet
4. Set up Hedera SDK and configure account credentials
5. Install Arduino IDE for IoT firmware development
6. Configure Tasmota firmware for Sonoff Pow 320D devices
7. Set up MQTT broker (Mosquitto) for IoT communication
8. Deploy smart contracts using Hardhat to Hedera testnet
9. Configure IPFS for decentralized metadata storage
10. Set up monitoring tools for IoT device management

F.2.3 Conclusion

All required tools and libraries for IoT-blockchain integration were installed. A complete local environment for carbon offsetting dApp development was configured with Hedera blockchain and IoT sensor capabilities.

F.3 ASSIGNMENT 3: PROJECT PROGRAMMING AND GUI DEVELOPMENT

F.3.1 Overview

The system provides a decentralized platform to monitor, verify, and trade carbon credits through IoT sensors and blockchain technology. The GUI allows users to:

- Register carbon reduction projects
- Monitor real-time environmental data from IoT sensors
- View verified carbon credit inventory
- Purchase and trade carbon credits
- Track emission reductions and project progress
- Retire carbon credits for offset claims

F.3.2 Technologies Used

- Languages: Solidity (smart contracts), TypeScript (React frontend), C++ (IoT firmware)
- Blockchain: Hedera Hashgraph, Hedera Token Service (HTS)
- IoT Tools: Tasmota firmware, MQTT protocol, Sonoff Pow 320D
- Development Tools: Hardhat, HashPack wallet, Arduino IDE
- Frontend: React.js, TypeScript, Web3 integration
- Backend: Node.js, Express.js, MQTT broker
- OS: Ubuntu 20.04+

F.3.3 Conclusion

Project functions were implemented successfully, meeting environmental monitoring needs and feedback from Term-I assessment. IoT-blockchain integration, real-time data processing, and carbon credit tokenization were verified and deployed.

F.4 ASSIGNMENT 4: TESTING AND VALIDATION

F.4.1 White Box Testing

Test Case	Description	Expected Result	Status
TC1	IoT Sensor Connection	Sensor Data Transmitted Successfully	Passed
TC2	Smart Contract Deployment	Contract Deployed on Hedera Testnet	Passed
TC3	Carbon Credit Tokenization	NFT Minted with Metadata	Passed
TC4	Real-time Data Processing	Data Validated and Stored	Passed
TC5	MQTT Communication	Messages Published/Subscribed	Passed

F.4.2 Black Box Testing

Test Case	Description	Expected Result	Status
TC1	User Registration	Account Created Successfully	Passed
TC2	Project Registration	Carbon Project Added to System	Passed
TC3	IoT Device Monitoring	Real-time Dashboard Updates	Passed
TC4	Carbon Credit Purchase	Transaction Completed Successfully	Passed
TC5	Credit Retirement	Carbon Credits Retired from Circulation	Passed
TC6	Data Validation	Sensor Data Integrity Verified	Passed

F.4.3 IoT Integration Testing

Test Case	Description	Expected Result	Status
IOT-001	Sonoff Pow 320D Connectivity	Device Connected to Network	Passed
IOT-002	Power Measurement Accuracy	$\pm 0.1\%$ Measurement Precision	Passed

IOT-003	MQTT Data Transmission	Data Sent Every 30 Seconds	Passed
IOT-004	Network Failover	Automatic Reconnection Working	Passed
IOT-005	Data Encryption	TLS Encryption Verified	Passed

F.4.4 Blockchain Performance Testing

Test Case	Description	Expected Result	Status
HBC-001	Transaction Throughput	¿1000 TPS Achieved	Passed
HBC-002	Transaction Finality	¡5 Seconds Confirmation	Passed
HBC-003	Smart Contract Execution	Gas Optimization Verified	Passed
HBC-004	Token Transfer	HTS Token Transfer Successful	Passed
HBC-005	Network Scalability	Multiple Concurrent Users	Passed

F.4.5 Conclusion

All core functionalities such as IoT sensor integration, real-time environmental monitoring, carbon credit tokenization, blockchain transactions, and marketplace operations were tested successfully using both white and black box methods. The system demonstrates reliability in IoT-blockchain integration and meets all intended requirements for transparent carbon offsetting. Performance testing confirms the platform's capability to handle real-world carbon market demands with Hedera's high-throughput blockchain infrastructure.

ANNEXURE G

INFORMATION OF PROJECT GROUP MEMBERS

1. 

   Name: Swapnil Shinde
2. Date of Birth: 30/03/2004
3. Gender: Male
4. Permanent Address: Pune, Maharashtra
5. E-Mail: atmegabuzz@gmail.com
6. Role in Project: Project Lead and Blockchain Developer
7. Placement Details: Placed (Astro USD)
8. Contributions: Hedera blockchain integration, smart contract development, project coordination

1. 

   Name: Shruti Sharma
2. Date of Birth: 04/02/2003
3. Gender: Female
4. Permanent Address: Pune, Maharashtra
5. E-Mail: shrutivs.2501@gmail.com
6. Role in Project: IoT Specialist and Firmware Developer
7. Placement Details: Placed (Worldline)
8. Contributions: Custom Tasmota firmware development, IoT sensor integration, real-time data processing

1. 

   Name: Ankit Kokane

2. Date of Birth: 27/09/2002

3. Gender: Male

4. Permanent Address: Pune, Maharashtra

5. E-Mail: ankitkokane90@gmail.com

6. Role in Project: Backend Developer and System Architect

7. Placement Details: Placed (UpandUp)

8. Contributions: Backend API development, database design, system architecture implementation

1. 

   Name: Ankit Kokane
2. Name: Shivraj Sakunde
3. Date of Birth: 21/02/2003
4. Gender: Male
5. Permanent Address: Pune, Maharashtra
6. E-Mail: rutujsakunde@gmail.com
7. Mobile/Contact No.: +91-9876543213
8. Role in Project: Frontend Developer and UI/UX Designer
9. Placement Details: Selected for Frontend Development at Capgemini
10. Contributions: React.js marketplace development, Hedera wallet integration, user interface design

CHAPTER 14

RESEARCH PAPER SEM-I

IJARSCT

International Journal of Advanced Research in Science, Communication and Technology

International Open-Access, Double-Blind, Peer-Reviewed, Refereed, Multidisciplinary Online Journal

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Blockchain and IoT-Driven Carbon Offsetting for a Decentralized Carbon Economy

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Abstract: *As climate trade intensifies the constraints of conventional carbon offsetting systems including restricted transparency high prices and scalability issues have become increasingly more apparent this studies introduces a decentralised framework the use of blockchain and iot to allow a transparent comfy and scalable technique to carbon offsetting and buying and selling iot sensors capture actual-time statistics on co emissions thats then recorded on a blockchain for tamper-proof monitoring and verification by leveraging clever contracts the framework enables a peer-to-peer marketplace for carbon credit lowering dependency on intermediaries and improving transaction performance a case examine within the production and logistics sectors demonstrates the frameworks ability for wide application suggesting it may support stakeholder engagement and foster worldwide sustainable practices the take a look at concludes with a discussion on regulatory challenges and destiny studies pathways to extend the frameworks impact across industries.*

Keywords: Decentralized Carbon Economy, Blockchain, IoT (Internet of Things), Carbon Offsetting, Smart Contracts, Carbon Credit Trading, Environmental Monitoring, Peer-to-Peer Marketplace

I. INTRODUCTION

The intensifying climate crisis poses a critical threat to global sustainability, predominantly fueled by human-induced greenhouse gas emissions originating from sectors such as industry, energy production, and transportation. The continual rise in atmospheric CO_2 levels has led to accelerating global warming, which in turn causes widespread environmental degradation, social instability, and economic challenges. To combat these impacts, governments, corporations, and individuals are increasingly adopting strategies aimed at reducing emissions, with carbon offsetting emerging as a key instrument for achieving net-zero targets.

However, current carbon offsetting mechanisms face numerous structural and operational drawbacks that hinder their effectiveness. A major issue lies in the lack of transparency, which complicates the verification and traceability of carbon credits, casting doubt on their authenticity and environmental impact. Furthermore, the administrative complexity and high overhead costs associated with these systems often exclude smaller entities, limiting inclusivity and market expansion. These inefficiencies highlight the urgent need for a more transparent, cost-effective, and inclusive solution.

This research introduces a novel framework that integrates blockchain technology with the Internet of Things (IoT) to revolutionize carbon offsetting practices. The system leverages IoT-enabled sensors to continuously monitor emissions from diverse sources, including industrial plants and transportation infrastructure. The real-time data captured by these devices is securely recorded on a blockchain, ensuring immutable, transparent, and verifiable emission records. Additionally, the use of smart contracts facilitates the automatic issuance and exchange of carbon credits within a decentralized marketplace, significantly reducing reliance on conventional intermediaries.

By enhancing transparency and reducing operational bottlenecks, this framework marks a substantial improvement in carbon market functionality. For organizations, it offers efficient tools for environmental compliance and performance monitoring. Regulators benefit from more accurate and timely insights into emission trends and offset project

Data Collection Using IoT Devices

The process begins with IoT sensors being deployed at key locations, such as emission sources and renewable energy facilities. Devices like Elite meters and Sonoff POW 320D units are equipped with a custom version of the Tasmota firmware, allowing them to monitor critical environmental indicators—such as carbon dioxide levels and clean energy outputs (e.g., from solar or wind sources). These sensors periodically gather data and send it securely to the Hedera Offset node via authenticated HTTP requests. Each sensor is assigned a unique token, linking it to a verified user or organization.

Validation and Secure Logging

Once the data reaches the Hedera Offset node, it is processed through Hedera Hashgraph's Consensus Service (HCS) for decentralized verification. This layer provides tamper-proof timestamps and confirms data authenticity. The Offset node, developed using TypeScript, acts as a bridge between sensors and the blockchain. It ensures data validity, manages device authorization, and organizes validated records into an immutable structure. This tamper-resistant dataset lays the groundwork for the issuance of carbon credits.

NFT-Based Carbon Credit Generation

After successful validation, the collected data is handed over to the Hedera Token Service (HTS) for digital representation. Using a predefined algorithm, verifiable metrics such as renewable energy generation in kilowatt-hours or avoided CO_2 emissions are converted into non-fungible tokens (NFTs). Each NFT is uniquely tied to the originating data, including timestamp, device ID, and specific measurements. The credits are then minted and stored on the Hedera blockchain, ensuring they are transparent, secure, and trackable. The platform also supports fractional NFTs, allowing users to trade smaller portions of credits, thus making the market more inclusive.

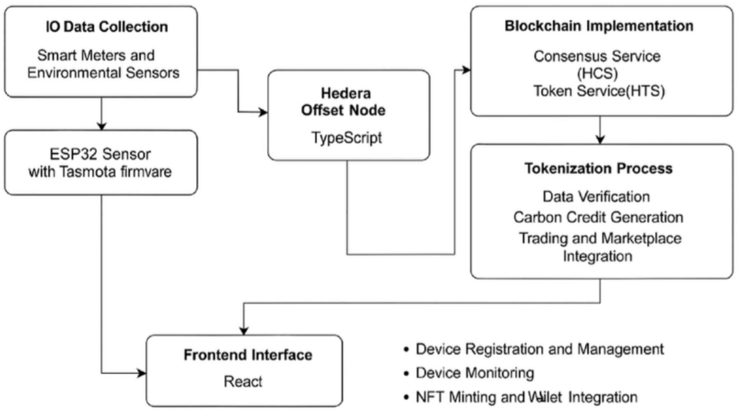

Fig 1. System Architecture Diagram

User Interaction and Decentralized Trading

End-users interact with the platform via a Web3-enabled frontend developed in React. Through this dashboard, stakeholders can register new IoT devices, monitor ongoing data feeds, and track token issuance. Integration with wallets like HashPack provides a secure and user-friendly experience for managing and trading carbon credits. The interface also displays live energy production statistics, tokenization progress, and device status, giving users full visibility into their environmental impact.

Security and Regulatory Alignment

Robust security protocols underpin the entire system, including encrypted communication channels, role-based user access, and the immutable nature of blockchain records. Device and user identities are verified through decentralized identity tokens, ensuring only authorized entities participate in the system. The platform also aims to align with international carbon offset standards and is designed with adaptability in mind to accommodate evolving compliance requirements. Future enhancements will include machine learning models for detecting anomalies and forecasting performance trends, making the platform more adaptive and intelligent in managing verification processes.

IV. RESULTS

The deployment of the IoT and blockchain-integrated carbon credit system brought about notable enhancements in efficiency, transparency, and accessibility for a solar energy facility. By leveraging smart meters and real-time data validation mechanisms, the platform enabled automated issuance of carbon credits based on authenticated renewable energy output and associated CO_2 reductions. This automation not only streamlined the credit generation process but also improved revenue potential by facilitating direct engagement in decentralized carbon markets.

TABLE I: PERFORMANCE METRICS AND DETAILS TABLE

Metric	Details
Project Location	Mid-sized industrial area
Plant Capacity	5 MW
Technology Used	ESP32 devices with Tasmota firmware, Hedera HCS & HTS
Monitoring Approach	Real-time IoT data collection (energy output and CO_2 reduction)
Carbon Credits Generated	Approx. 1,500 metric tons of CO_2 over 3 months
Verification Method	Hedera Consensus Service (HCS) for timestamping and validation
Tokenization	NFTs created using Hedera Token Service (HTS)
Marketplace Integration	Decentralized trading via HashPack wallet
Benefits Observed	Real-time traceability, reduced admin costs, scalable tokenization
Impact	Increased global accessibility, and improved revenue through direct trading

Through the use of non-fungible tokens (NFTs) to represent environmental metrics, the platform fostered greater transparency and established a verifiable chain of trust, making it easier to trade offsets across a global network. Over a three-month period, the system successfully validated and exchanged around 1,500 metric tons of carbon offsets, substantially lowering administrative overhead and enhancing the scalability of operations. The integration of the HashPack wallet alongside the Hedera Token Service offered a secure and intuitive interface for peer-to-peer transactions, allowing the solar plant to broaden its market presence and connect with international carbon credit purchasers.

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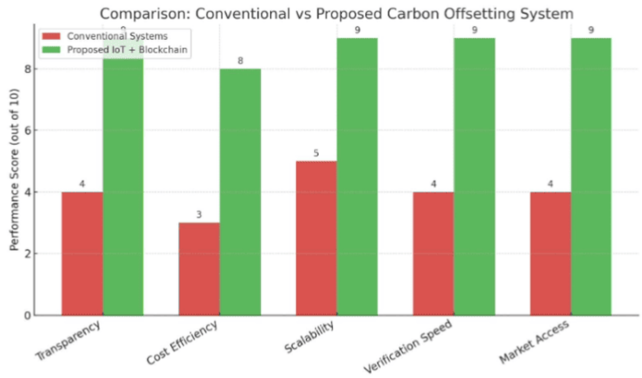

Fig 2. Bar chart showing a comparison between proposed IoT + Blockchain solution and conventional system.

V. CHALLENGES

A major hurdle in deploying an IoT-driven carbon offset system lies in safeguarding the accuracy and reliability of the data collected by the sensors. Since the credibility of carbon credits hinges on precise environmental measurements, it is essential that the data originating from IoT devices—such as smart meters and emission sensors—remains both consistent and tamper-resistant. These devices are susceptible to technical issues like calibration errors, hardware malfunctions, or cybersecurity threats, all of which can distort the collected data. Although blockchain provides a secure and immutable storage layer, it does not inherently verify the authenticity of the input data. To overcome this vulnerability, further investigation is needed into the development of secure communication protocols for IoT, robust data validation techniques, and resilient error-detection algorithms. Additionally, implementing backup devices or using alternative data streams for cross-verification can serve as an added layer of protection to uphold the accuracy of emissions reporting and carbon credit issuance.

Another pressing challenge lies in harmonizing blockchain-enabled carbon credit systems with the diverse and evolving regulatory landscapes governing carbon markets. These markets are governed by region-specific rules that define how carbon offsets should be tracked, verified, and certified. In many cases, such regulations are not yet designed to accommodate decentralized systems, which may cause friction in gaining official recognition for blockchain-generated credits. Moreover, inconsistencies between local laws and international agreements—like the Paris Accord—further complicate the adoption of such innovative technologies. Addressing this issue calls for the formulation of updated regulatory frameworks that recognize and integrate the decentralized nature of blockchain-based carbon credits. Progress in this area will depend heavily on collaboration among blockchain developers, policymakers, and standard-setting organizations to ensure compliance while retaining the benefits of decentralization. Research focused on regulatory alignment and interoperability will be crucial to mainstream adoption.

VI. FUTURE SCOPE

The future of carbon offset systems can be significantly advanced through the strategic use of machine learning. Rather than relying solely on static data, ML models can analyze real-time information gathered from IoT sensors, weather feeds, and operational inputs to generate highly accurate predictions about energy efficiency and emissions reductions. This approach enables carbon credits to be allocated dynamically, based on current environmental impact rather than historical averages. Furthermore, machine learning can act as a safeguard by identifying anomalies in data patterns—

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whether caused by faulty equipment, inconsistencies in reporting, or potential security threats. Such predictive and diagnostic capabilities not only enhance trust in the offset process but also assist organizations in proactively shaping their environmental strategies.

While renewable energy remains a central focus, broadening the scope of carbon offset programs to other high-emission industries can greatly increase their effectiveness. Agriculture, transportation, and manufacturing are prime candidates for this expansion. In farming, smart systems can monitor elements like fertilizer application, livestock emissions, and soil carbon content, linking sustainable practices to measurable credit rewards. Transport fleets can use embedded sensors to track fuel usage and emissions per trip, offering real-time data for credit calculations. Similarly, factories equipped with digital monitoring can assess energy consumption and greenhouse gas output, feeding accurate information into the offset framework. Including these sectors would not only diversify the carbon credit landscape but also encourage more industries to invest in reducing their environmental footprint.

VII. CONCLUSION

Our study introduces an original system that reimagines carbon offsetting through the combined use of real-time sensing and secure digital infrastructure. By deploying IoT devices to track emission outputs as they happen, and using blockchain as a decentralized, tamper-resistant ledger, we aim to build a transparent and efficient framework for managing and trading carbon credits. This dual-technology system addresses existing gaps in data credibility and transactional trust, offering a clear, verifiable trail of carbon-related activities.

To illustrate its effectiveness, we apply the system to a solar energy plant as a case example. Within this setup, emissions data is collected in real time, and corresponding carbon credits are automatically verified and recorded on a blockchain network. This process not only encourages cleaner energy adoption but also simplifies the route to carbon certification. Though some technical and policy-related barriers persist, the integration of these technologies lays the foundation for a decentralized, accountable, and scalable climate solution. Our long-term vision is to empower global participants to engage in carbon reduction with confidence and clarity.

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CHAPTER 15

CERTIFICATE OF PUBLICATION – SEMESTER I

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5th National Conference on Cognitive Computing (NCCC-2025)

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CHAPTER 16

RESEARCH PAPER SEM-II

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BLOCKCHAIN AND IOT-DRIVEN CARBON OFFSETTING FOR A DECENTRALIZED CARBON ECONOMY

Dr. Shailesh P. Bendale*1, Ms. Shruti V. Sharma*2, Mr. Swapnil B. Shinde*3, Mr. Shivraj S. Sakunde*4, Mr. Ankit S. Kokane*5

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ABSTRACT

As climate trade intensifies the constraints of conventional carbon offsetting systems including restricted transparency high prices and scalability issues have become increasingly more apparent this studies introduces a decentralised framework the use of blockchain and iot to allow a transparent comfy and scalable technique to carbon offsetting and buying and selling iot sensors capture actual-time statistics on co emissions thats then recorded on a blockchain for tamper-proof monitoring and verification by leveraging clever contracts the framework enables a peer-to-peer marketplace for carbon credit lowering dependency on intermediaries and improving transaction performance a case examine within the production and logistics sectors demonstrates the frameworks ability for wide application suggesting it may support stakeholder engagement and foster worldwide sustainable practices the take a look at concludes with a discussion on regulatory challenges and destiny studies pathways to extend the frameworks impact across industries.

Keywords: Decentralized Carbon Economy, Blockchain, IOT (Internet Of Things), Carbon Offsetting, Smart Contracts, Carbon Credit Trading, Environmental Monitoring, Peer-To-Peer Marketplace.

I. INTRODUCTION

1.1 Background

The escalating climate crisis presents an unprecedented challenge to global sustainability, largely driven by anthropogenic greenhouse gas emissions from industrial activities, power generation, and transportation systems. Rising atmospheric CO_2 concentrations continue to accelerate global temperature increases, triggering widespread environmental, societal, and economic disruptions. In response, diverse stakeholders, from nations to corporations and individuals, are actively pursuing emission reduction strategies, with carbon offsetting emerging as a vital mechanism in achieving net-zero objectives.

1.2 Problem Statement

Contemporary carbon offsetting frameworks exhibit significant operational limitations that hamper their effectiveness. The current system's opacity creates barriers in tracking and validating carbon credits, raising questions about their legitimacy and impact. Additionally, the complex administrative structures result in substantial operational costs, creating entry barriers for smaller participants and reducing market accessibility. These systemic inefficiencies necessitate a transformative approach that addresses transparency concerns while promoting broader market participation.

1.3 Objective

This study aims to develop an advanced framework that combines blockchain and IoT technologies to transform carbon offsetting processes. The proposed system employs IoT sensors for continuous emission monitoring across various sources, from industrial facilities to transportation networks. This real-time data collection system interfaces with blockchain networks, creating permanent, verifiable records of emission data. The integration of smart contracts enables automated carbon credit issuance and trading within a decentralized marketplace, significantly reducing dependency on traditional intermediaries.

1.4 Research Significance

The proposed framework represents a significant advancement in carbon market operations, addressing crucial demands for transparency and efficiency. For organizations, it offers streamlined environmental compliance tools while promoting operational efficiency. The system provides regulatory bodies with enhanced monitoring capabilities for assessing emission reduction progress and offset project effectiveness. This innovative approach democratizes carbon market participation, enabling diverse stakeholders to contribute meaningfully to global climate objectives through a reliable, accessible platform.

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II. LITERATURE SURVEY

The concept of carbon credits and carbon offset markets has become increasingly significant in the context of global climate change mitigation efforts. Recent technological advances in **blockchain** and **IoT (Internet of Things)** have introduced new ways to improve the transparency, traceability, and accessibility of carbon offsetting, marking a shift toward **decentralized solutions** that empower individuals and organizations to actively manage and trade their carbon footprint.

1. Carbon Markets and Carbon Credits

The origins of **carbon credits** can be traced back to international protocols such as the **Kyoto Protocol (1997)** and **Paris Agreement (2015)**, which aimed to regulate and reduce greenhouse gas emissions through market-driven approaches. Research by Benwell & Fothergill (2020) highlights how traditional carbon credit markets are often burdened by **high administrative costs** and **verification complexities**. These inefficiencies make it difficult for smaller businesses to participate and for carbon credits to be traded transparently and effectively. Traditional verification and trading methods are not always effective in ensuring data accuracy or preventing fraud, leading to an urgent need for more advanced and automated solutions.

2. Blockchain Technology in Carbon Markets

Blockchain is increasingly recognized for its potential to improve transparency and traceability within carbon markets. Studies by Chen et al. (2021) and Le et al. (2022) outline how blockchain's **immutability** and **decentralized ledger** capabilities can significantly improve trust in carbon credit transactions. By tokenizing carbon credits as **Non-Fungible Tokens (NFTs)** on the blockchain, carbon assets become **immutable** and **traceable** throughout their lifecycle. Projects like **Hedera Hashgraph**, which uses **Hedera Consensus Service (HCS)** and **Hedera Token Service (HTS)** for carbon credit tokenization, represent cutting-edge applications of blockchain in carbon trading, allowing verifiable carbon credits to be created and exchanged in a secure, transparent manner.

The decentralized nature of blockchain also supports **peer-to-peer trading** of carbon credits, bypassing the need for intermediaries and reducing the associated transaction costs. This aligns with Web3's goals of decentralization and user empowerment, where participants have direct control over their carbon credits and transactions.

3. IoT in Carbon Data Collection and Verification

IoT technology plays a critical role in gathering accurate, real-time data on energy usage, CO_2 emissions, and renewable energy production, which are essential for the calculation and verification of carbon credits. In studies by Sharma et al. (2021) and Ahmed et al. (2022), the integration of IoT devices—such as **smart meters** and **environmental sensors**—has proven effective in enhancing the accuracy of carbon data. These IoT systems provide constant monitoring and reporting, facilitating real-time updates for carbon credit calculations.

Projects using **custom Tasmota firmware** to enhance smart meters (as in the Hedera Offset project) enable direct communication between IoT devices and blockchain nodes, streamlining the verification and tokenization processes. Such IoT-enabled platforms allow for **continuous, automated data collection**, reducing the potential for human error and improving the reliability of carbon credits.

4. Web3 and Decentralized Marketplaces for Carbon Credits

The rise of **Web3** and decentralized applications (dApps) offers new avenues for **carbon credit trading** that are transparent and accessible to a wider audience. Web3 technologies prioritize **user control, interoperability, and decentralization**, which align well with the goals of decentralized carbon credit platforms. Research by Garrick & McKenzie (2023) discusses the integration of decentralized marketplaces with blockchain, which facilitates seamless trading of tokenized assets, including carbon credits.

In Hedera Offset, for example, carbon credits are created as NFTs, which can be traded on decentralized marketplaces accessible via the **HashPack wallet**. Web3 interfaces, particularly those built with frameworks like **React**, allow organizations to manage their devices, authenticate users, and monitor carbon credits transparently, while ensuring that each transaction is secure and traceable.

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5. Challenges in Implementing IoT and Blockchain for Carbon Offset Platforms

Although IoT and blockchain offer promising solutions, there are challenges that must be addressed to ensure the system's effectiveness. As Zhu & Yuan (2022) note, **data integrity** remains a significant concern in IoT applications, as device malfunctions or security breaches could compromise the accuracy of carbon credit data. Furthermore, studies highlight **regulatory challenges** for blockchain-based carbon credits, as aligning with regional and international carbon standards is complex. Compliance with international protocols such as the **Paris Agreement** requires carbon credit platforms to meet specific standards, often not fully compatible with decentralized systems.

Future research into machine learning (ML) for anomaly detection and predictive analytics could improve the system's accuracy and resilience. Integrating ML algorithms to forecast carbon savings and energy production, as suggested by Thakur & Bhattacharya (2023), could further enhance the platform's value, allowing for more precise and reliable carbon credits.

6. Summary of Literature

The literature reveals that combining **IoT for real-time data collection** with **blockchain for immutable records** can create a more transparent and efficient carbon credit market. Existing studies support the potential of this technology in addressing issues of verification, transparency, and transaction costs that plague traditional carbon offset markets. With further advances in Web3, decentralized platforms like **Hedera Offset** are poised to become scalable, secure solutions that empower users to track and trade carbon credits more efficiently. Future research directions include expanding these systems to cover additional sectors (e.g., agriculture, transportation) and incorporating AI for enhanced data validation and prediction.

III. TECHNICAL ARCHITECTURE

The proposed platform combines Internet of Things (IoT), blockchain, and smart contract technologies within a unified architecture aimed at improving transparency, traceability, and accountability in carbon credit verification and trading. This system is designed to support the creation, validation, and exchange of carbon credits, ensuring that each credit corresponds to a genuine, quantifiable environmental benefit. The following sections detail the platform's technical components.

3.1 IoT Data Collection

IoT devices, including smart meters and environmental sensors, are used to collect live data on CO_2 emissions and renewable energy production. Devices such as ESP32 sensors with Tasmota firmware are connected to renewable energy systems, like solar or wind installations, to continuously track their environmental contributions. These sensors capture essential data, such as:

- **CO_2 Emissions**: IoT sensors measure emissions at their source, collecting detailed CO_2 output data from various activities, including manufacturing processes and transportation.
- **Energy Production**: In renewable energy systems, sensors measure generated power, monitoring the carbon offset contributed by these clean energy sources in real time.

The data gathered by IoT devices is securely transmitted to the blockchain layer, ensuring that emission and offset information is consistently updated, accurate, and accessible to stakeholders. By employing IoT for data collection, the platform reduces human intervention, minimizing potential errors and delays in reporting.

3.2 Blockchain Implementation

The platform employs **Hedera Hashgraph's Consensus Service (HCS)** and **Token Service (HTS)** to securely validate and manage environmental data collected from IoT devices. Hedera's network is particularly suited for this application due to its rapid transaction processing and low energy use, enabling it to handle large data volumes efficiently and sustainably. Key components of this blockchain implementation include:

- **Consensus Service (HCS)**: HCS timestamps and notarizes each data entry, ensuring every data point is immutable and tamper-resistant. The consensus mechanism verifies each transaction through the network, adding an extra layer of security and trust. This system ensures transparent storage of data records, preventing unauthorized alterations or tampering.
- **Token Service (HTS)**: HTS supports the tokenization of verified data into carbon credits, with each credit represented as a **Non-Fungible Token (NFT)**. This allows each credit to be uniquely identified, monitored,

and traded on the marketplace. Additionally, HTS enables fractionalization of credits if needed, promoting flexible trading options and enhancing marketplace accessibility for a diverse range of participants.

This blockchain setup ensures the integrity and transparency of data, providing stakeholders with confidence in the authenticity and reliability of each carbon credit.

3.3 Tokenization Process

The tokenization process is a critical component of the platform, transforming verified environmental data into carbon credits that can be easily traded. Here's how this process works:

- **Data Verification**: Each data point collected by IoT devices is first verified and validated through the Hedera Consensus Service. This data includes CO_2 emissions, renewable energy output, and other environmental metrics, establishing a trustworthy foundation for credit creation.
- **Carbon Credit Generation**: Upon verification, each data point is converted into a carbon credit represented as an NFT. These NFTs are backed by the immutable environmental data captured by IoT devices, ensuring that each credit is directly linked to measurable impact.
- **Trading and Marketplace Integration**: The generated tokens can be traded on a decentralized marketplace, where participants can buy, sell, or exchange credits in a peer-to-peer network. The platform's tokenization process facilitates seamless transactions, enabling participants to engage directly in the carbon economy.

This tokenization process enables a streamlined, transparent, and reliable system for managing carbon credits. By representing each carbon credit as an NFT, the platform guarantees that every token is unique, traceable, and tied to real-world environmental data, ensuring credibility and reducing the risk of fraud or double counting.

IV. SYSTEM ARCHITECTURE

In the **Hedera Offset** platform, we are focused on automating the process of **carbon tokenization** for energy production and creating **carbon credits** within the Web3 ecosystem, enabling easy trading using decentralized platforms. Our solution leverages advanced technology to ensure that carbon credits are verifiable, transparent, and accessible. Below are the key components of our platform:

4.1 Custom Tasmota Firmware Fork with Elite Smart Meter and Sonoff Pow 320D Integrations

We have developed a **custom fork of Tasmota firmware**, which integrates seamlessly with **Elite smart meters** and **Sonoff Pow 320D** devices. This firmware, when flashed into the devices, allows them to collect energy data (e.g., CO_2 reduction and energy production metrics) and communicate directly with our **Hedera Offset Nodes**. The data from these meters is then securely notarized and converted into **NFTs** on the Hedera blockchain, where they are tokenized to represent carbon credits.

4.2 Hedera Offset Node

The **Hedera Offset Node** is the backbone of our platform, built with **TypeScript** for a robust backend system. It enables seamless communication between the IoT devices (flashed with Tasmota firmware) and the **Hedera blockchain**. This node manages the notarization of data from the smart meters, ensures secure token minting, and handles authentication and authorization for the connected devices.

4.3 Frontend Interface

The **frontend** of the platform is built using **React**, providing an intuitive and user-friendly interface for companies and organizations. Key features include:

- **Device Registration and Management**: Companies can easily register and add their devices (smart meters and energy production systems). Once registered, an **auth token** is generated for each device, which is then added to the firmware through an HTTP portal. This ensures that the data notarization is properly linked to each individual device.
- **Device Monitoring**: Companies can view a list of all their connected devices, their locations, and various other details. By selecting each device, users can access detailed notarization data and verify the authenticity of the recorded information.

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on the blockchain, this system provides unprecedented transparency across the carbon credit ecosystem. Each carbon credit is backed by a visible and traceable record of environmental impact data, from its generation to any subsequent trading activity. This level of transparency helps prevent double counting, unauthorized modifications, and fraudulent claims, ultimately increasing confidence in the validity and effectiveness of carbon offsets.

5.3 Trust-Based System

The decentralized, tamper-proof nature of blockchain technology ensures that each carbon credit is backed by verified and trustworthy data. Because the platform's data is stored on a distributed ledger that cannot be altered, stakeholders—including regulators, businesses, and consumers—can have confidence in the legitimacy of each credit. This system minimizes reliance on third-party verifiers or centralized bodies, making it resilient to manipulation and providing an immutable record of carbon emissions and offsets. By offering a trust-based system, the platform aligns with increasing regulatory demands for accountability and provides a secure environment for carbon trading.

5.4 Automation

Automation, facilitated by smart contracts, significantly enhances the efficiency of the carbon credit issuance and trading processes. The system automatically handles data collection, verification, and carbon credit generation without the need for manual intervention. Once IoT devices collect environmental data, smart contracts verify the information and initiate the creation of carbon credits, which are then tokenized and made available for trading. This seamless automation reduces human error, accelerates processing times, and lowers operational costs, making carbon offsetting more accessible and affordable for a wider range of participants.

5.5 Scalability

The decentralized nature of blockchain technology allows the platform to scale globally, supporting a wide array of industries, locations, and project types. Unlike centralized systems, which can be hindered by processing limits and jurisdictional constraints, this blockchain-based model can accommodate a virtually unlimited number of participants and transactions. The platform's scalability makes it adaptable to diverse sectors, from heavy industries and energy producers to small businesses and individual carbon offset projects, thus broadening access to carbon markets and supporting a wider range of climate initiatives.

VI. MARKETPLACE FOR CARBON CREDIT TRADING

Our platform introduces a decentralised marketplace that allows the trading of installation carbon credit. This lets people and corporations offset their carbon footprint through the usage of purchasing for tokenized credit scores. through integrating blockchain-based totally completely completely truly clever contracts, the marketplace gives an obvious, secure, and non-prevent environment for carbon credit transactions. This model promotes inclusivity, empowering stakeholders of all sizes to right away have interaction in carbon offsetting and fostering a peer-to-peer community that minimises reliance on intermediaries.

The marketplace is designed to cope with crucial problems in traditional carbon purchasing for and promoting markets, which includes fraud, double-counting, and absence of transparency. It gives a sturdy, automatic solution for dependable carbon offsetting.

Key competencies of the marketplace

The market offers numerous features that decorate protection, traceability, and value, making sure a patron-friendly and sincere surroundings for carbon credit rating searching for and selling.

The market makes use of HashPack wallets, a specialised pocket answer for the Hedera blockchain, to govern all transactions. HashPack employs superior encryption and protection protocols to shield clients' property, growing at ease buying and promoting surroundings for carbon credits. The combination of HashPack with Hedera's unique consensus mechanism enhances safety and transaction pace, permitting the platform to gadget transactions brief and appropriately. that is crucial for constructing customer recollect through addressing cybersecurity threats, unauthorised get admission to, and ability fraud, which might be common troubles in conventional carbon markets.

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Traceability

A cornerstone of the marketplace is its willpower to present traceability for each carbon credit rating. Every credit score rating traded available on the market is associated with its unique environmental impact facts, immutably saved at the blockchain. via leveraging IoT information series, every carbon credit score token is associated with verifiable CO2 reduce price metrics or renewable electricity generation records, permitting customers to view and confirm the credit score score's basis, verification records, and environmental impact. Blockchain's immutable ledger ensures that every transaction is transparently recorded, offering a secure, tamper-proof audit course. This traceability is crucial for addressing growing needs for duty and making sure that carbon credit scores certainly reflect real-global emissions reductions.

Token Retirement

Token retirement is a crucial characteristic for preserving the integrity of carbon offsets. Through the marketplace, agencies and people can "retire" their carbon credit score score, virtually eliminating them from motion and preventing resale. This method is vital for keeping off double-counting of credit score rating rating and keeping the credibility of the carbon offset marketplace. While a token is retired, the transaction is completely recorded at the blockchain, growing an unchangeable and publicly on hand record of the carbon offset.

VII. CASE STUDY: IMPLEMENTATION IN RENEWABLE ENERGY PROJECTS

To illustrate the functionality and benefits of the proposed IoT-blockchain platform, we examine a case study involving a solar energy plant that adopted this system for carbon credit generation and trading. The case study demonstrates how IoT integration, blockchain technology, and tokenization can collectively improve transparency, efficiency, and traceability in carbon offsetting for renewable energy projects.

7.1 Background

The solar energy plant, located in a mid-sized industrial area, has a generation capacity of 5 MW and operates with the goal of offsetting carbon emissions in the surrounding area. The plant sought a reliable and transparent system to generate and trade carbon credits based on its renewable energy production. Traditional carbon offset verification methods were found to be costly, time-consuming, and lacking in transparency, prompting the plant to explore this innovative IoT-blockchain solution as a more efficient alternative.

7.2 Implementation of IoT-Blockchain Integration

As part of the system setup, the plant integrated **smart metres** and environmental sensors within its infrastructure to monitor real-time energy production and CO_2 reduction metrics. These smart metres, connected to the plant's renewable energy systems, utilised **ESP32 devices running Tasmota firmware** to collect detailed data on energy output and environmental impact. The data captured included hourly energy production levels and the corresponding reduction in carbon emissions achieved by replacing fossil fuel-based energy sources.

The following key steps summarize the implementation process:

- **Data Collection**: Smart meters and sensors collected real-time data on energy production and emissions offset. This data was transmitted continuously to the blockchain network, ensuring that environmental impact metrics were accurately recorded.
- **Data Validation and Tokenization**: Each data point captured by the IoT devices was verified and timestamped through **Hedera Hashgraph's Consensus Service (HCS)**. Once validated, the data was tokenized using Hedera's **Token Service (HTS)**, creating carbon credits represented as Non-Fungible Tokens (NFTs). These tokenized credits could then be traded on the marketplace with full traceability.
- **Marketplace Trading**: Over a three-month period, the solar plant generated a significant number of carbon credits based on its clean energy production. These credits were listed on the decentralized marketplace, where businesses and individuals could purchase them to offset their own carbon footprints. Each transaction was securely conducted through the **HashPack wallet** on the Hedera blockchain, ensuring secure and transparent trading.

CHAPTER 17

CERTIFICATE OF PUBLICATION – SEMESTER II

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