



Carbon Dioxide (CO₂) Contracting

Unlike hops and malt, CO₂ is used by a much broader range of industries causing the availability of supply to be at a higher risk. Contracting CO₂ is a smart way to manage that risk.

Reasons to Contract CO₂ —

- Contracts allow brewers to understand the unique risks associated with their CO₂ supply through conversations with their supplier. For example, they can know where the supply is coming from and how it is being manufactured, which may impact availability.
- Brewers can understand seasonality risks and work with their suppliers during these times to understand when supply will be available again.
- Suppliers can inform brewers when to expect limited supply and therefore best adjust production to these conditions.

Best Practices for Contracting CO₂ —

Choosing A Supplier

- Ask the supplier about their vendor, where the supply is coming from, how it is being manufactured, and historical seasonality of their supply.
- Understand the potential risks from how the CO₂ supply is being produced. For example, ethanol production is one of the major processes that creates raw gas for CO₂. In recent years ethanol production has been volatile. Some plants have closed, others are open but idle, and some are running at reduced rates.
- Understand the potential risks from where the supply is coming from. For example, a large area on the east coast gets most of its CO₂ supply from one supplier, so there is a higher risk if that plant goes down.

- A vendor with access to a diverse supply could help mitigate shortages.
- Ask about the supplier's track record for maintaining supply to customers.
- Ask for customer references, in or outside the craft beer industry, and consider their reviews before choosing to contract with that supplier.
- Ask suppliers about the volumes they are receiving from their vendor. There have been instances of CO₂ vendors overselling capacity. Realistically, selling to capacity levels keeps volume and supply in balance – this is difficult to determine but worth the conversation.

The Contract Details

- Like any contracting timeline, brewers should contract out to a number of years that makes sense for their business.
- Make sure to study the terms of the contract closely, especially when it comes to force majeure terms; a clause that in recent years has been invoked by vendors because of supply interruptions.
- Ensure you understand the agreement of the ability or non-ability to source CO₂ from other vendors if there is a supply interruption.
- Understand terms around a leased tank or leased Dewars. If the vendor owns them then they are most likely the only ones that can fill them.
- Make sure you understand how the contract is renewed and how to cancel it. Sometimes the contract renews automatically unless the brewer notifies their supplier within a certain amount of time that they want to cancel the contract.
- Know when the contract starts; often this is at the time of initial CO₂ delivery and not when the contract was signed.

- Understand the quality of the gas. If a brewer institutes incoming testing, determine if there are any contract provisions around that testing and terms when refusing a load due of quality.
- Explore automated tracking for fills and monitoring to maintain supply. Brewers should still perform manual checks at regularly scheduled intervals.
- Ensure efficient use of CO₂ to best maintain supply. Below are resources for CO₂ management.

Additional Resources _____

Gribbins, Keith. ["The CO₂ Shortage: Tips for Efficiently Using CO₂ in a Craft Brewery."](#) Craft Brewing Business, January 13, 2023.

Gribbins, Keith. ["The CO₂ Shortage: How Is CO₂ Used within a Craft Brewery?"](#) Craft Brewing Business, January 13, 2023.

Supply Chain Subcommittee. ["Understanding and Ensuring CO₂ Supply Quality for Brewery Use."](#) Brewers Association, September 13, 2022.

