
Offsets, fragmented approaches and accounting

Seminar on MRV and Carbon Markets

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Offsets, fragmented approaches and accounting

- The offset market is fragmented, as opposed to the allowance market
- What fragmentation currently faced by offset market participants?
- What role for market infrastructures?

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Why fragmentation?

- Mandatory carbon markets

-Eligibility of carbon credits

E.g. ban of industrial gas CERs in EU ETS phase III

-Market perception of this eligibility

E.g. CERs from big hydro dam projects in EU ETS

- Voluntary market

Pure voluntary market: project's charisma

Pre-compliance market: likelihood of pre-emption

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What role for market infrastructures?

- Downstream infrastructures: registries, back-office tools

Help manage operational complexity

E.g. Environmental Management Account (NYSE Blue), Global Carbon Portfolio (CDC Climat)

- Upstream infrastructures: trading platforms, index providers

-Trading platforms: emergence of price references

-Index providers: development of global price signals