

Current status of the voluntary markets and their future perspectives

Third National Workshop for CDM Capacity Building Programme in Belize

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What are the Voluntary carbon markets

- Transactions in the voluntary carbon markets are not required by regulation. Instead, demand is driven by companies and individuals that take the responsibility for offsetting their own emissions, as well as entities that purchase "pre-compliance" offsets before emission reductions are required by regulation. Voluntary markets co-exist with compliance markets driven by regulated caps.
- The volume of carbon credits transacted voluntarily in 2011 represents less than a 0.1% share of the global carbon markets.
- What the VCM offers is flexibility, spinning innovations in project finance, monitoring and methodologies.
- Carbon credits can be voluntarily purchased in one of two ways, through a private exchange or on the decentralized "over the counter" (OTC) market, where the buyers and sellers engage directly through a broker or online retail "storefront".





Ecosystem Marketplace

Bloomberg
NEW ENERGY FINANCE

DEVELOPING DIMENSION:

State of the Voluntary
Carbon Markets 2012



CARIBBEAN COMMUNITY
CLIMATE CHANGE CENTRE

ACP MEAs

Figure 7: Historic Voluntary Carbon Market Transaction Volume

MtCO₂e

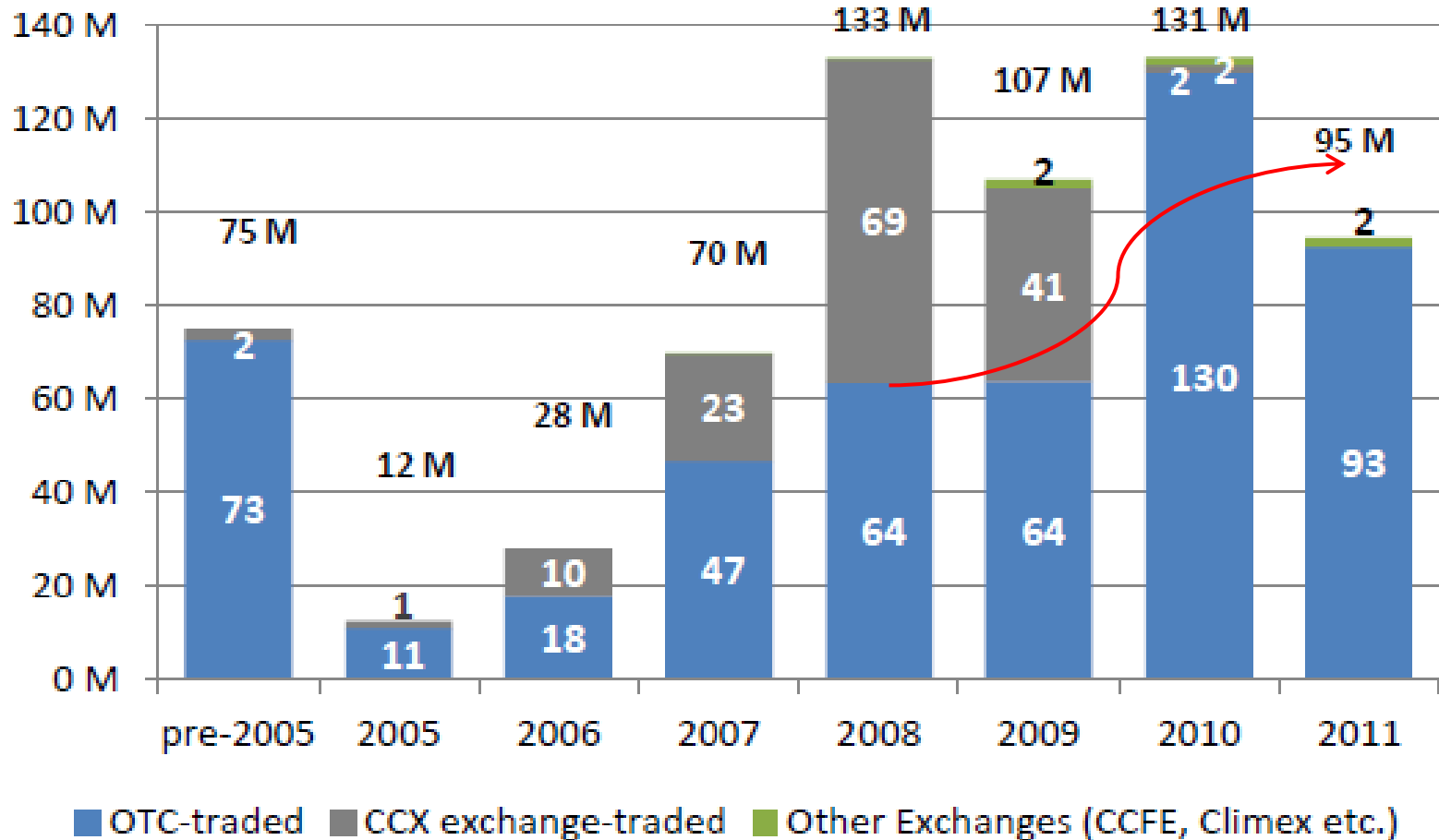
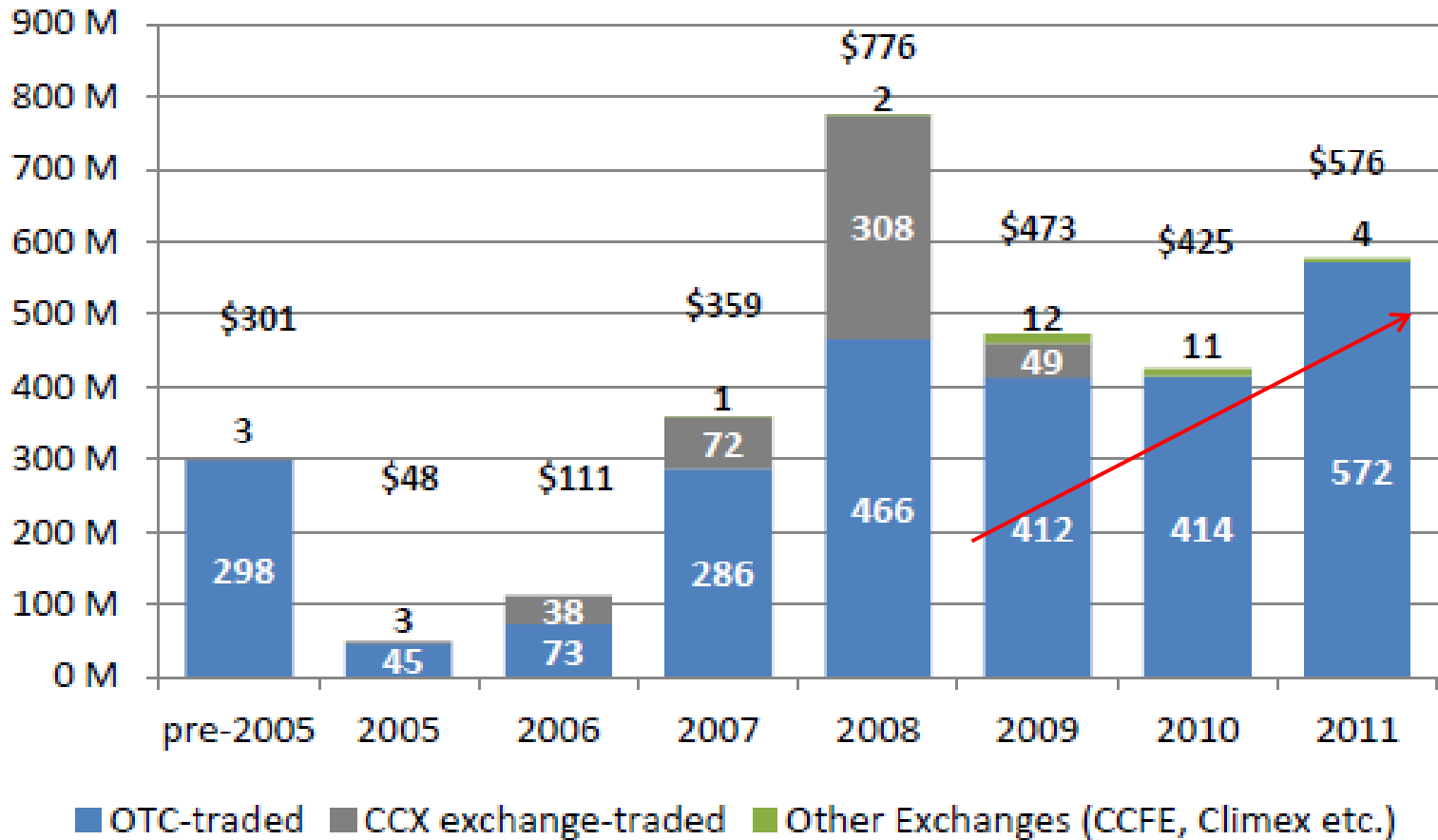


Figure 8: Historic Voluntary Carbon Market Transaction Value
 US\$/tCO₂e

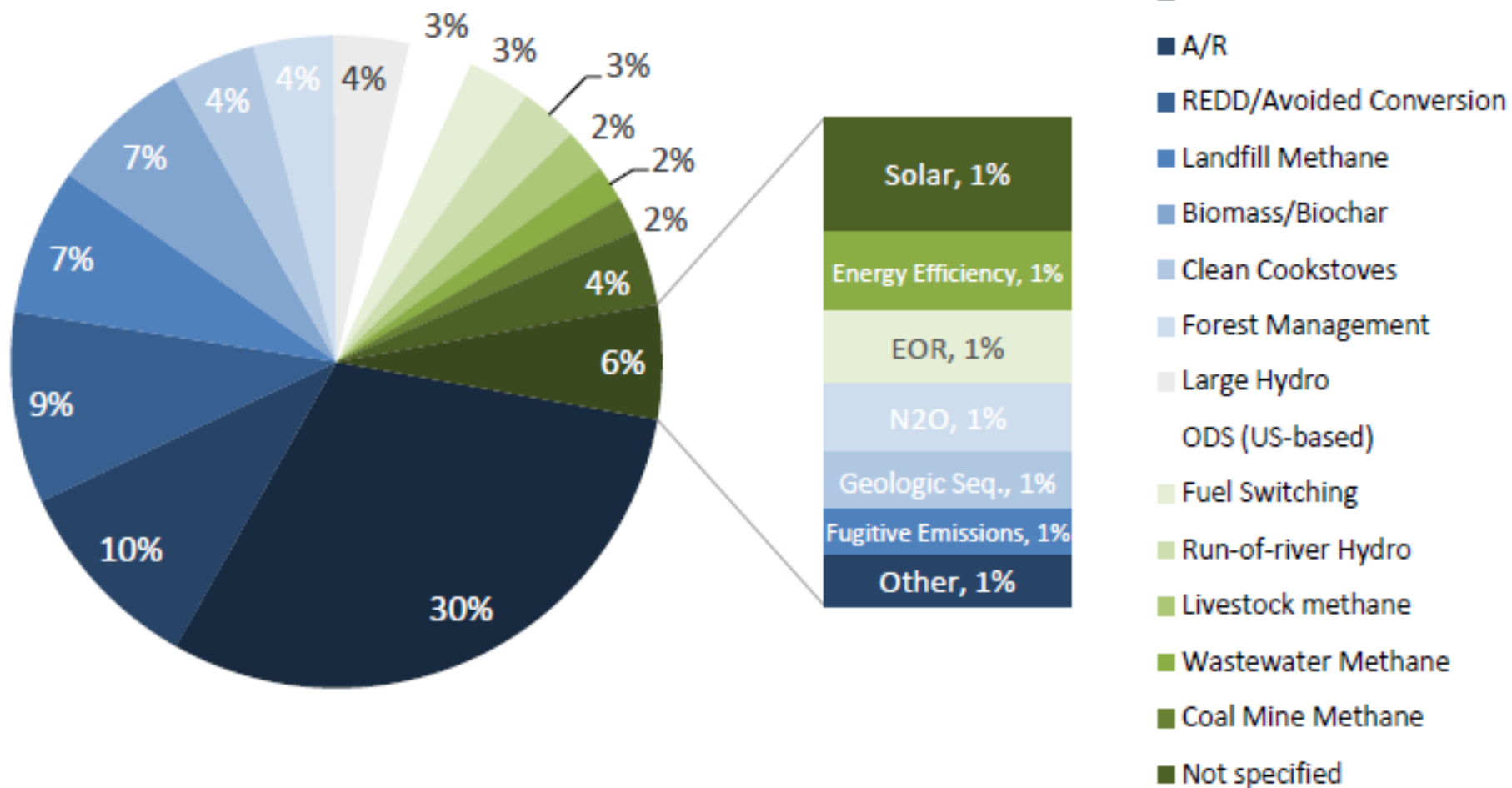


GLOBAL MARKETS VOLUMES AND VALUES 10/11

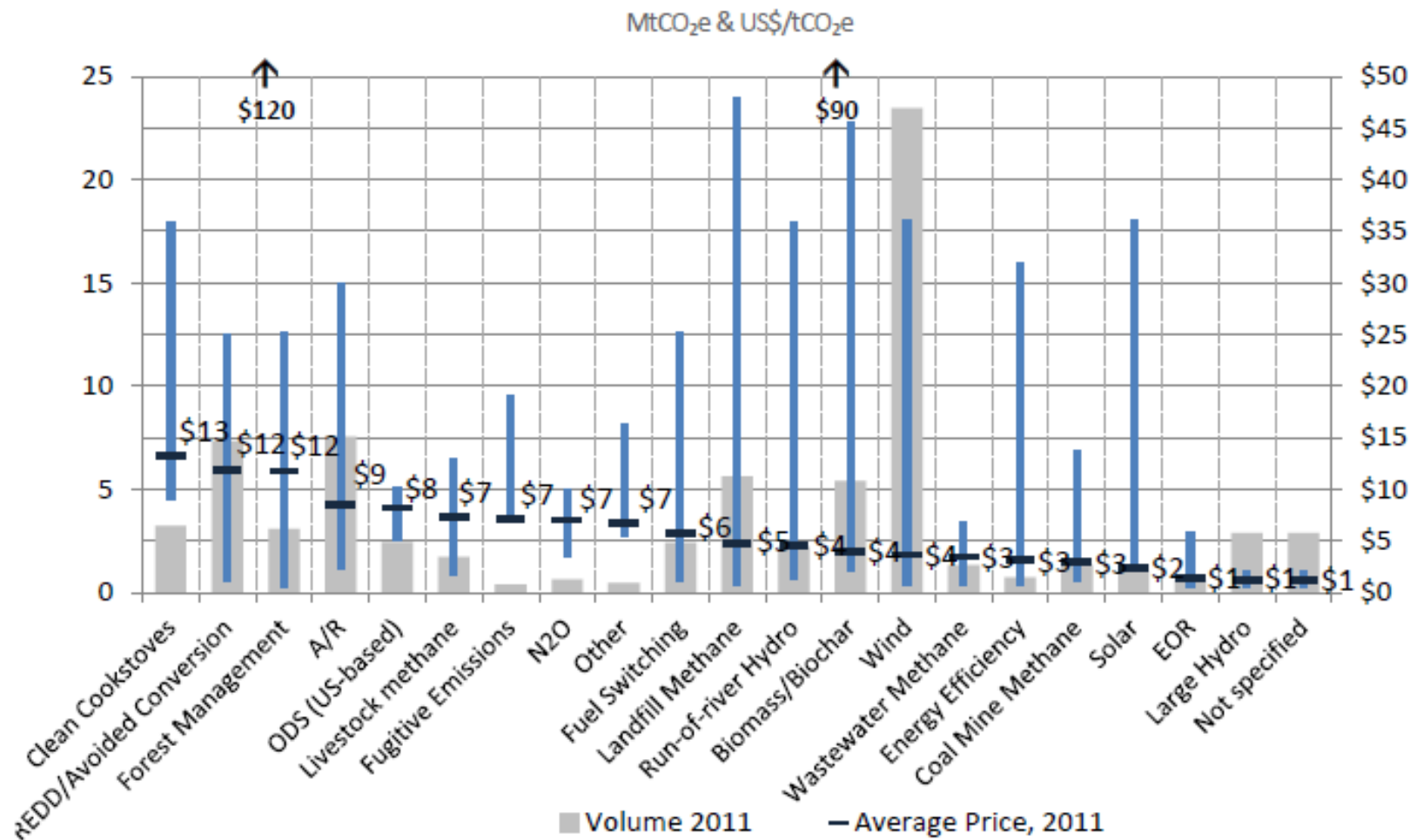
| Markets | Volume (MtCO ₂ e) | | Value (US\$ million) | |
|--------------------------------|------------------------------|---------------|----------------------|----------------|
| | 2010 | 2011 | 2010 | 2011 |
| Voluntary OTC-traded | 128 | 93 | 422 | 572 |
| CCX (exchange-traded) | 2 | - | .2 | - |
| Other Exchanges | 2 | 2 | 11 | 4 |
| Total Voluntary Markets | 133 | 95 | 433 | 576 |
| EU ETS [EUA] | 6,789 | 7,853 | 133,598 | 147,848 |
| Primary CDM ⁶ | 265 | 291 | 3,206 | 3,320 |
| Secondary CDM ⁷ | 1,275 | 1,822 | 20,637 | 23,250 |
| Kyoto [AAU] | 62 | 47 | 626 | 318 |
| RGGI | 210 | 120 | 458 | 249 |
| RMU | - | 4 | - | 12 |
| NZU | 7 | 27 | 101 | 351 |
| CCA | - | 4 | - | 63 |
| Other Allowances | 94 | 26 | 151 | 40 |
| Total Regulated Markets | 8,702 | 10,094 | 158,777 | 175,451 |
| Total Global Markets | 8,835 | 10,189 | 159,210 | 176,027 |



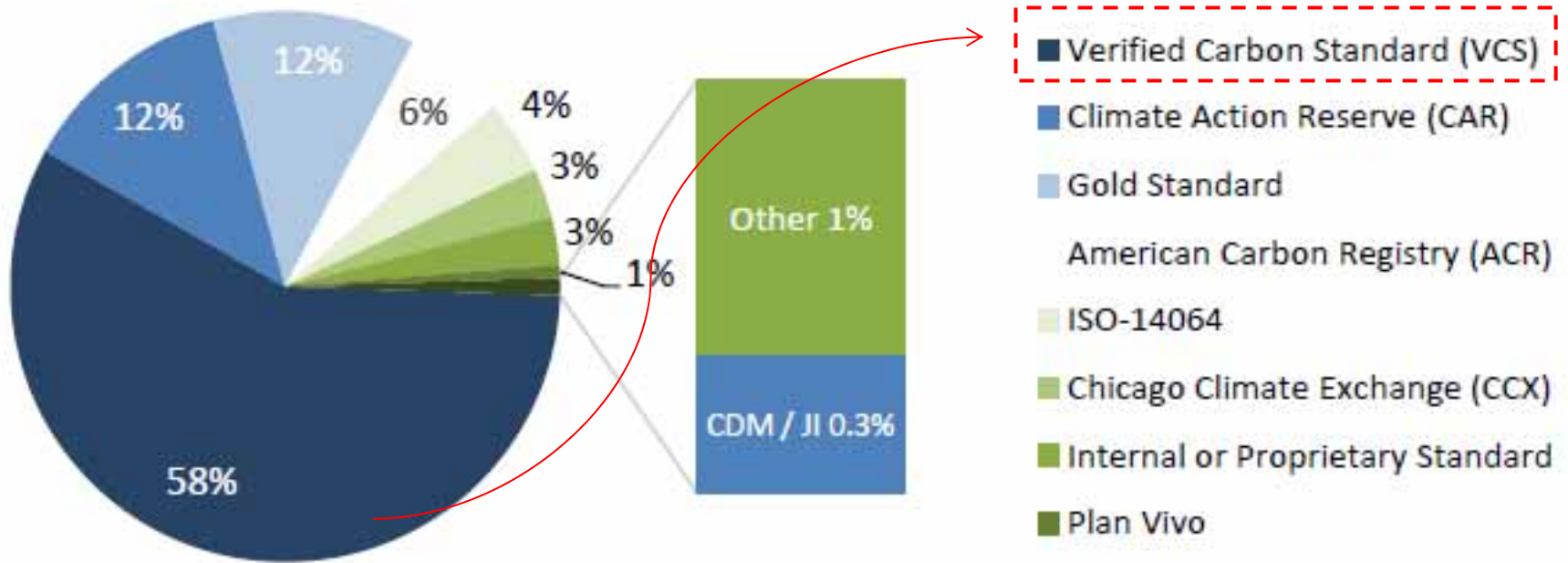
Market share by project type, OTC 2011



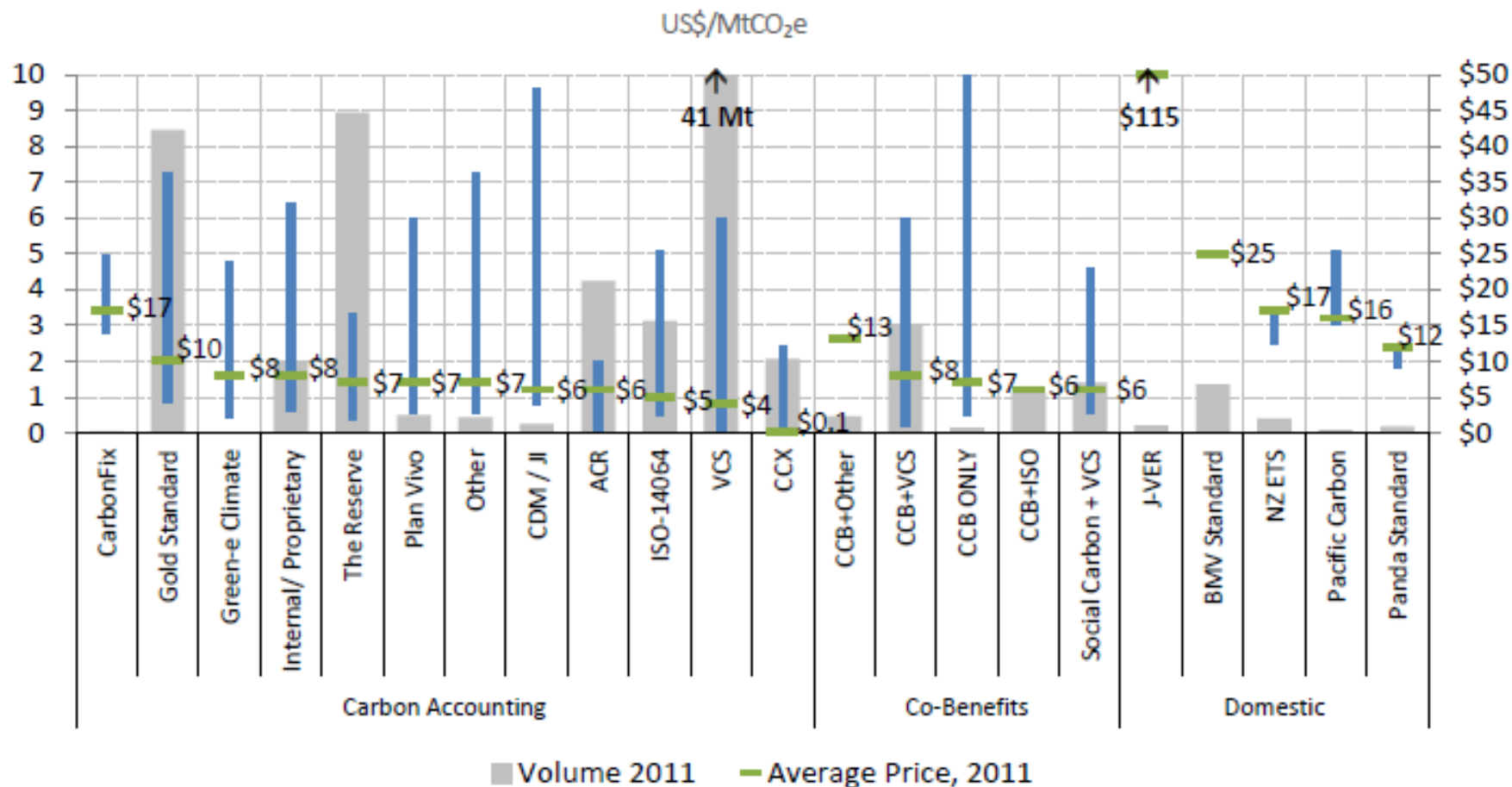
Transaction price and volume by project type, OTC 2011



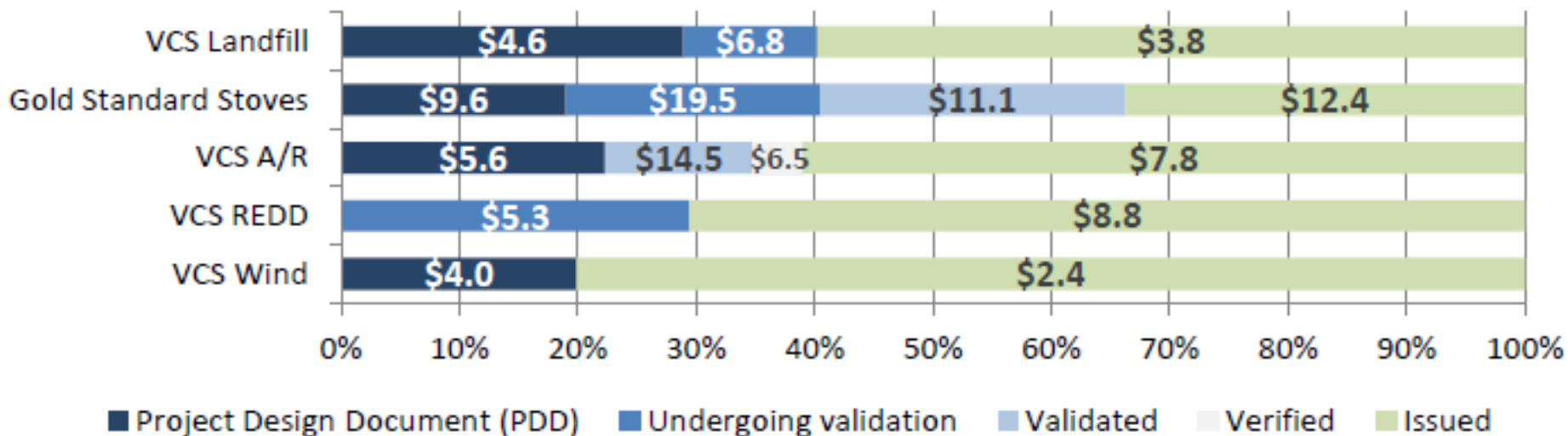
Market Share by Independent Third Party Standard, OTC 2011



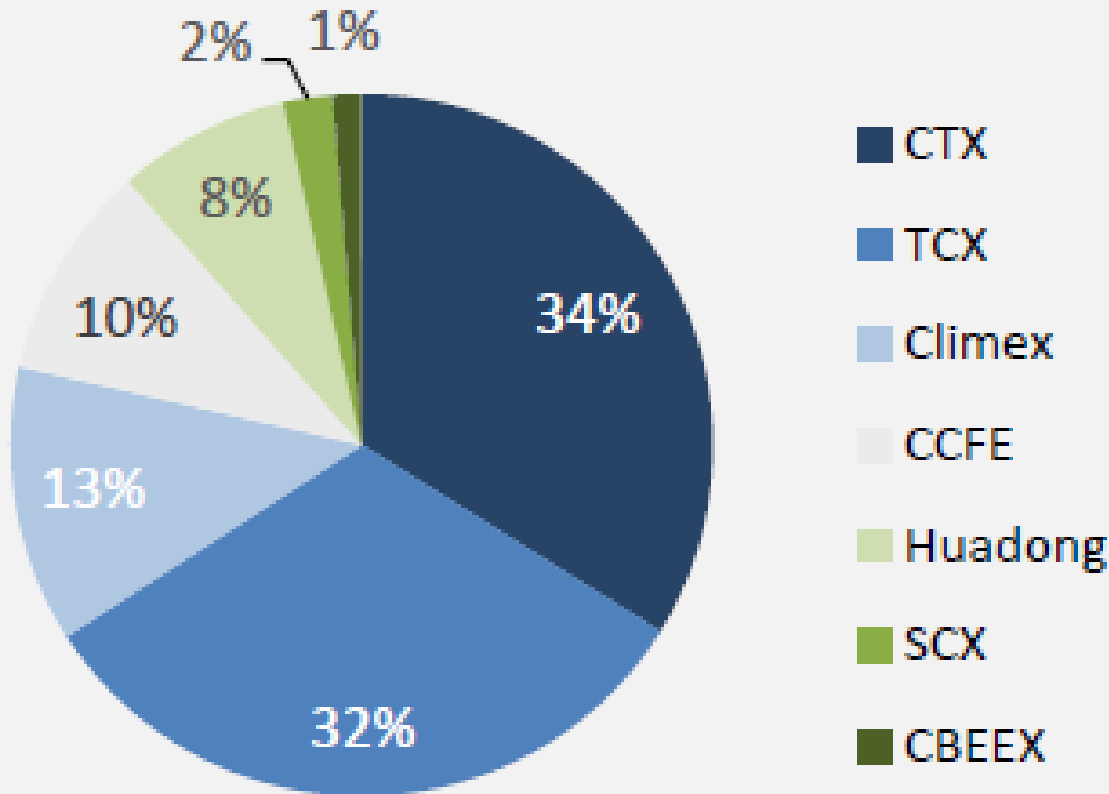
Prices by standard utilized



Average price by Stage for popular credit types



VER Trading platforms

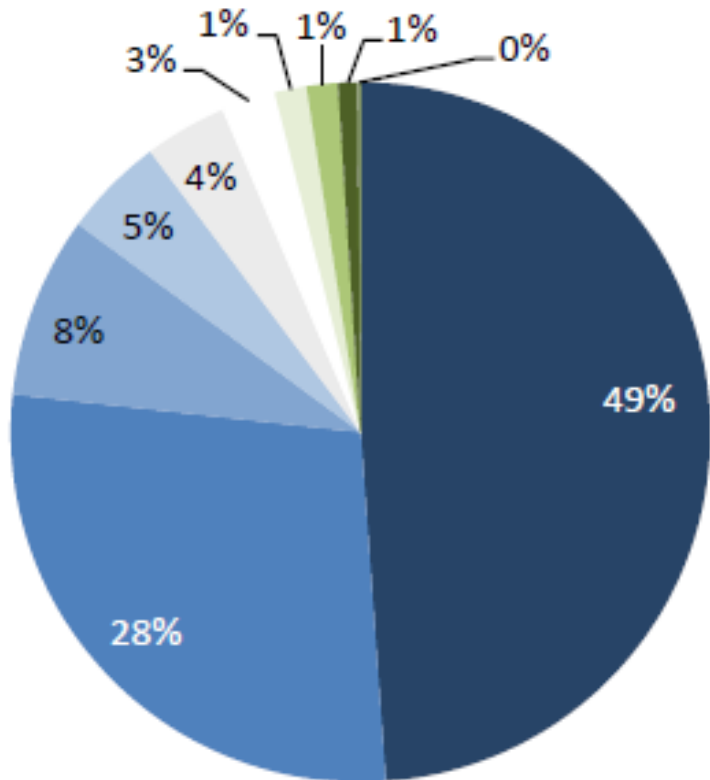


Source: Ecosystem Marketplace. Note: Based on 30 organizations and 7 platforms.

- CTX, independent
- TCX, Tianjin Climate Exchange
- HCF, Huadong Forestry Exchange
- SCX, Santiago Climate Exchange



Who are the buyers?

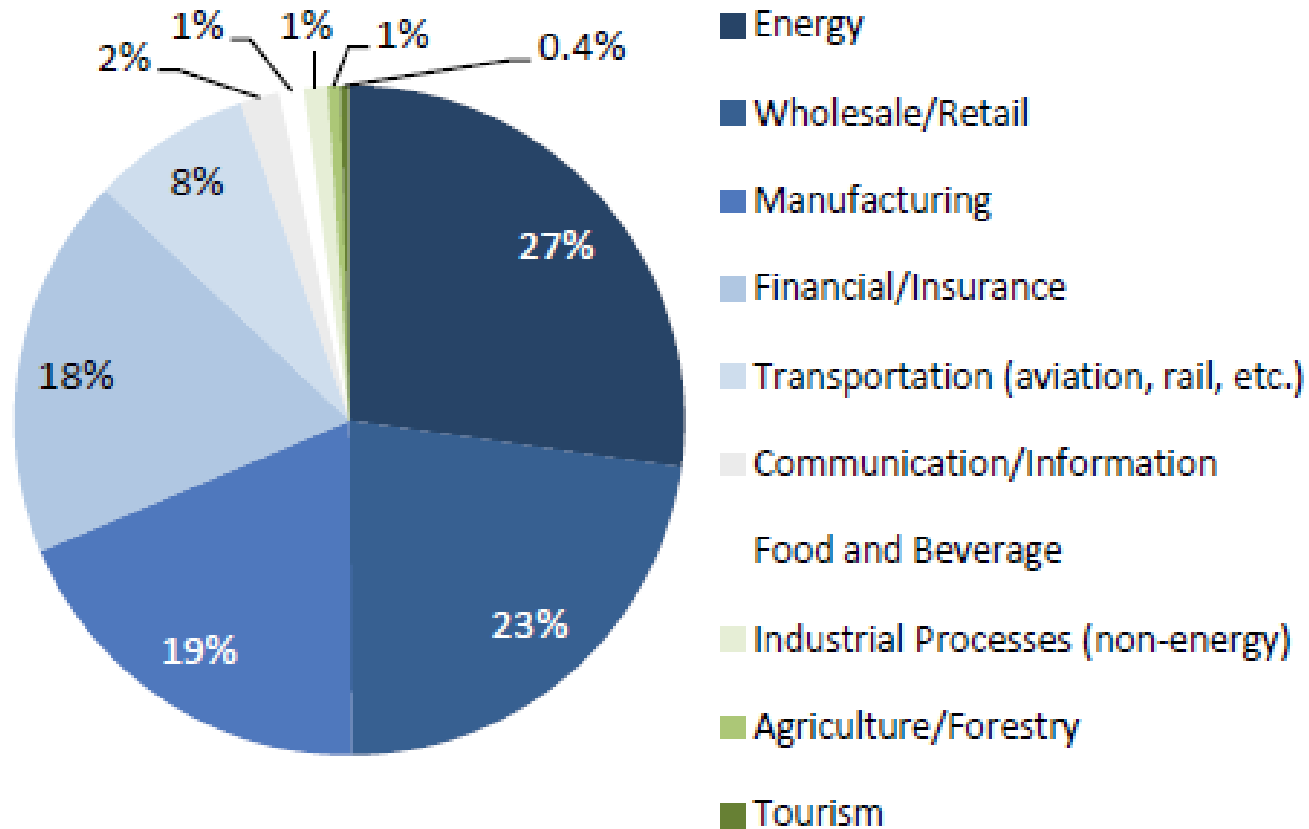


- Business-for-profit (retirement, voluntary)
- Business-for-profit (resale to voluntary buyers)
- Business-for-profit (end-use, pre-compliance motive)
- Business-for-profit (resale to pre-compliance buyers)
- Other
- Business, for-profit (motivation unknown)
- NGOs/ non-profit organization (retirement)
- Individuals (retirement)
- Governments (retirement, voluntary)
- NGOs/ non-profit organization (resale)

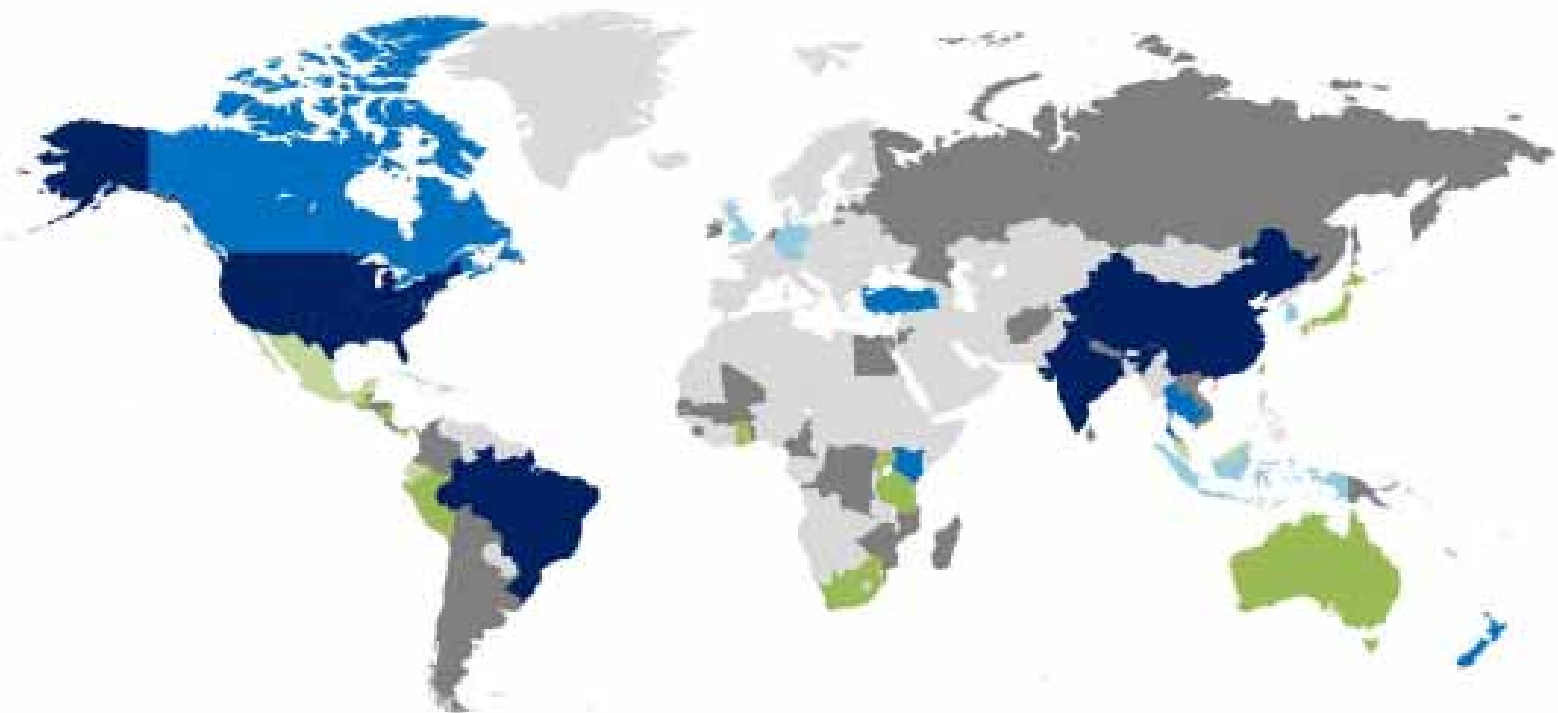
| Rank | Motivation | Share |
|------|--|-------|
| 1 | Corporate Social Responsibility | 32% |
| 2 | Public Relations/Branding | 22% |
| 3 | Resale | 22% |
| 4 | Anticipation of Regulation or Commodity Investment | 19% |
| 5 | Greening a supply chain | 7% |



Market Share by buyer sector



Map of transaction Volume by project location, OTC 2011



Source: Ecosystem Marketplace.



ACP MEAs

| Location | Volume (MtCO ₂ e) | Value (\$million) | Market Share |
|------------------------------|------------------------------|-------------------|--------------|
| Europe | 33 | 204 | 47% |
| <i>Of which Germany</i> | 8 | \$38 | |
| <i>Of which France</i> | 5 | \$32 | |
| <i>Of which Switzerland</i> | 1 | \$6 | |
| <i>Of which Sweden</i> | 1 | \$4 | |
| North America | 29 | \$159 | 41% |
| <i>Of which US</i> | 28 | \$151 | |
| <i>Of which Canada</i> | 1 | \$8 | |
| Oceania | 3 | \$22 | 4% |
| <i>Of which Australia</i> | 2 | \$15 | |
| <i>Of which New Zealand</i> | .4 | \$7 | |
| Asia | 3 | \$47 | 4% |
| <i>Of which South Korea</i> | .4 | \$2 | |
| <i>Of which Japan</i> | .4 | \$22 | |
| <i>Of which China</i> | .3 | \$1 | |
| Latin America | 2 | \$23 | 2% |
| <i>Of which Brazil</i> | 1.3 | \$20 | |
| <i>Of which Chile</i> | .05 | \$.5 | |
| Africa | .9 | \$10 | 1% |
| <i>Of which South Africa</i> | .9 | \$10 | |

Volume and Value transacted by buyer region and Top country locations

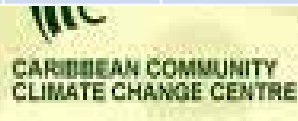


Figure 2: Change in Volume and Value by Region, OTC, 2010 vs. 2011

MtCo₂e/Million US\$

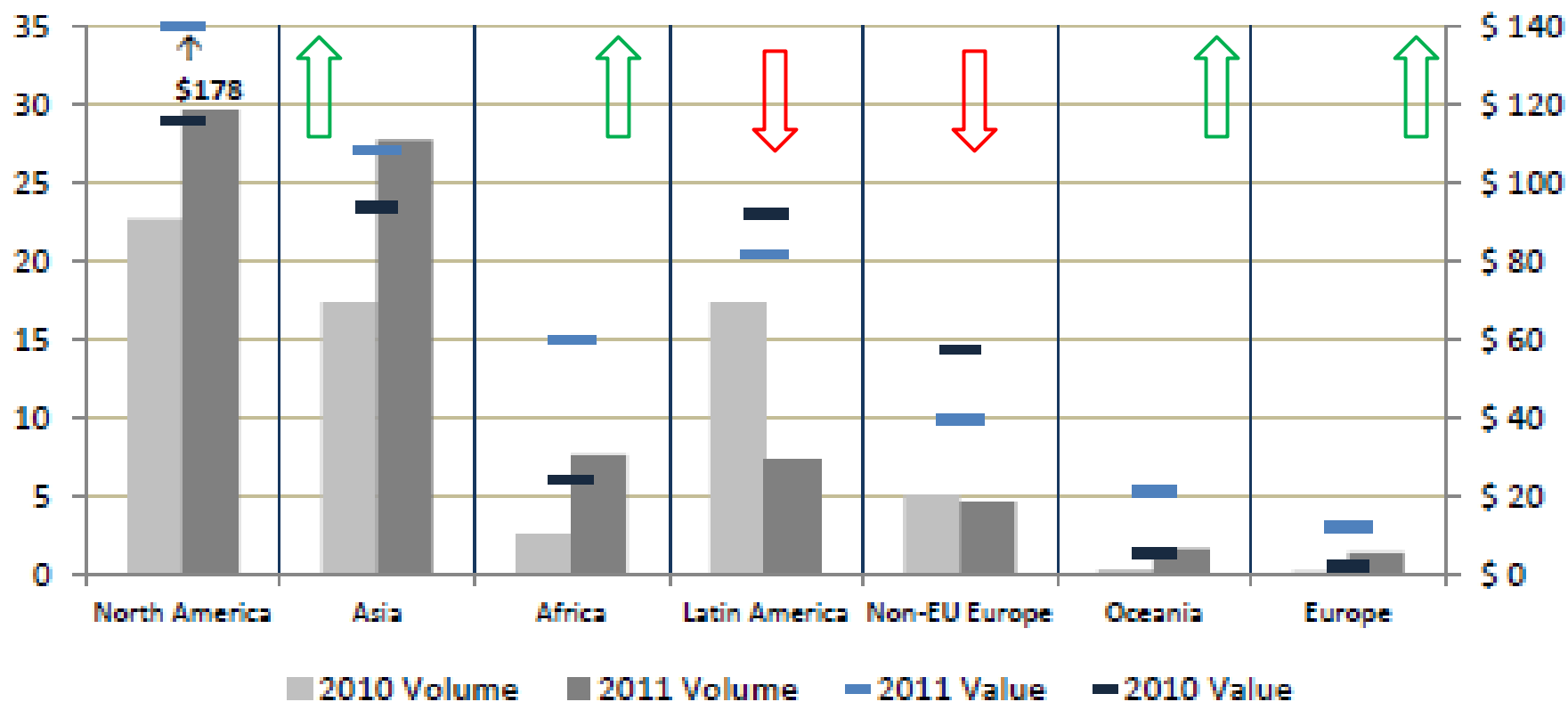
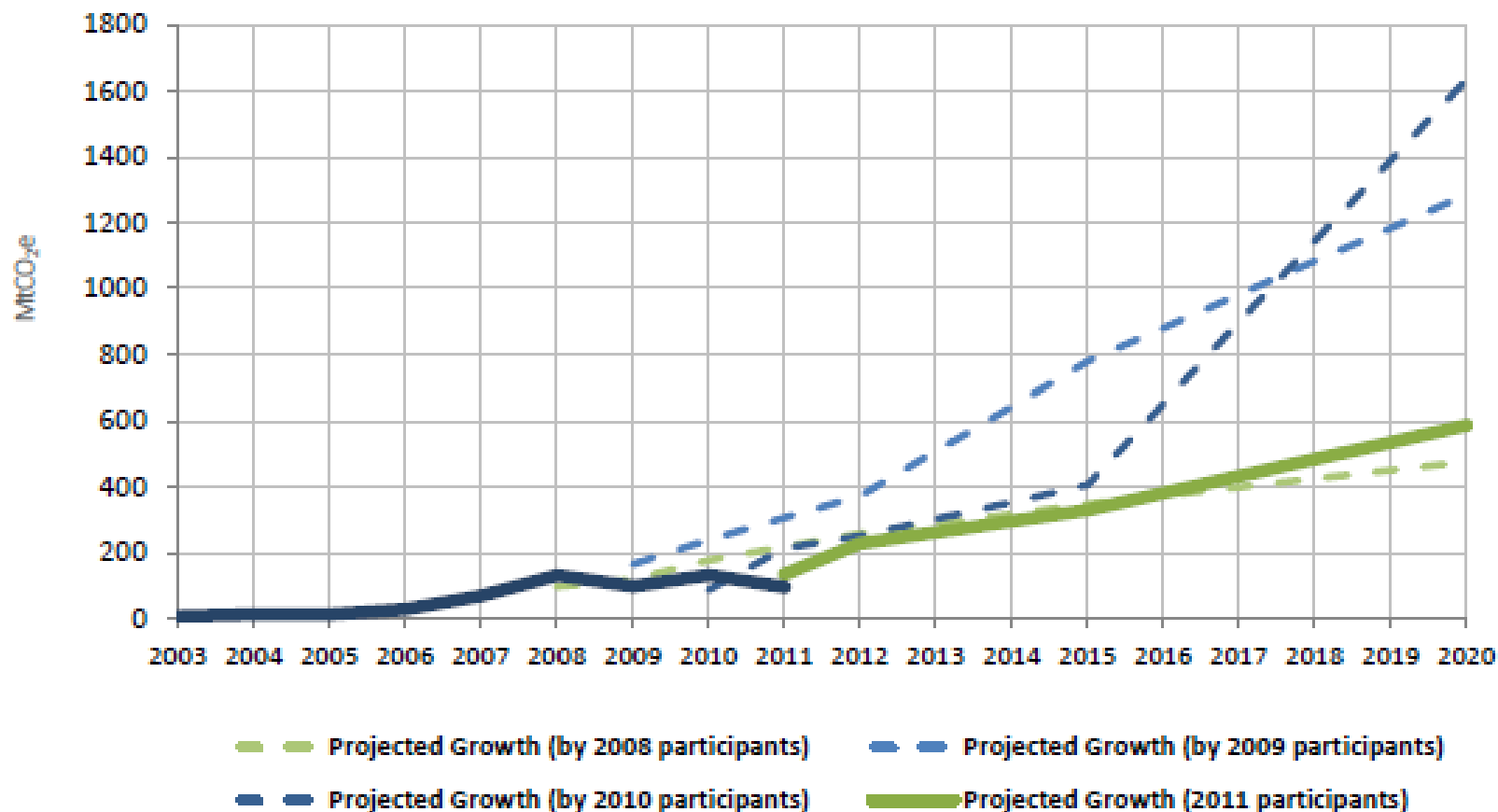


Figure 5: Supplier-Projected Growth in the Voluntary Carbon Markets



Source: Ecosystem Marketplace. Note: Based on 85 organizations.

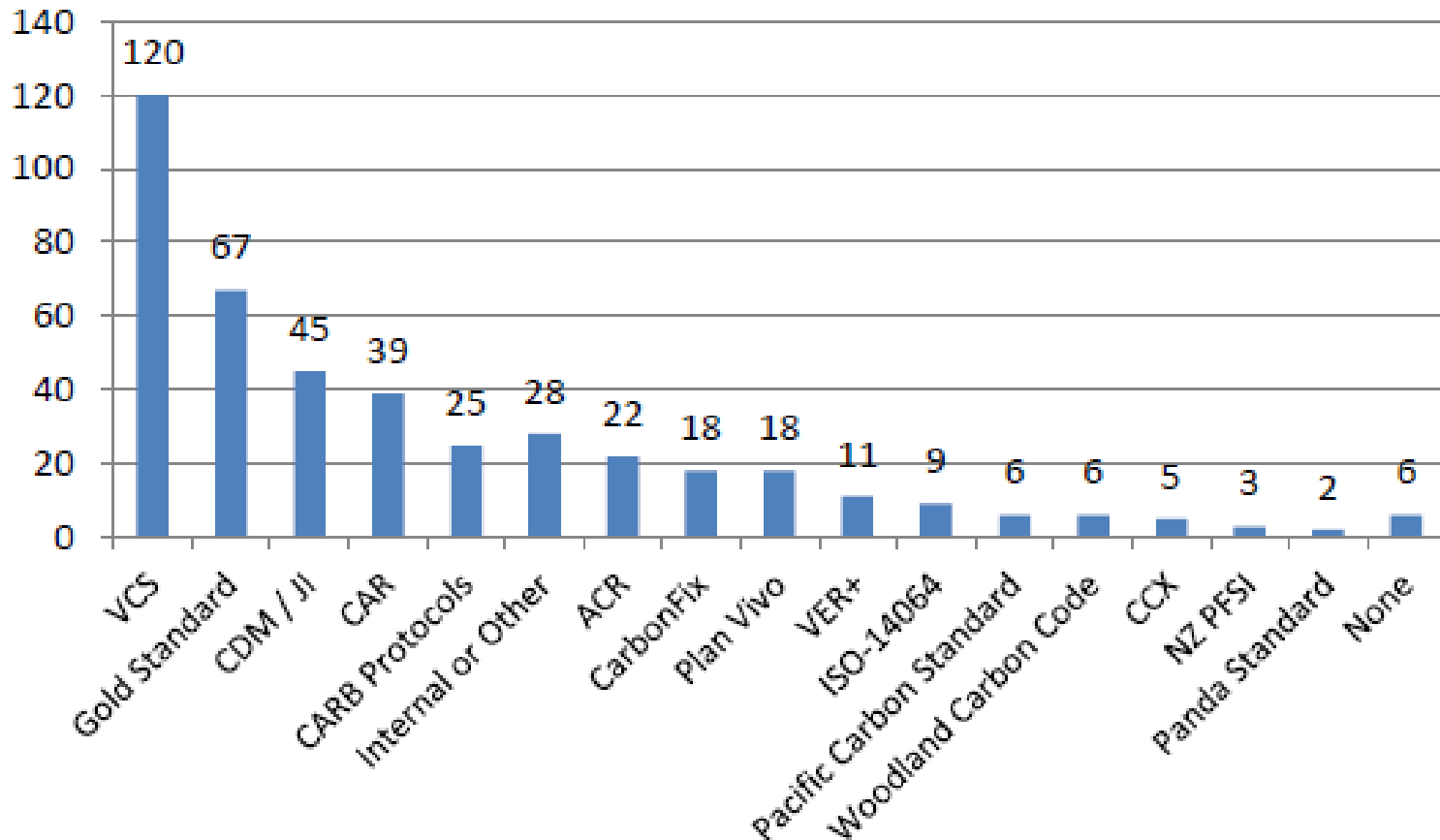


Table 20: 2011 Transacted Volume, End-of-2011 Portfolio Volume and 2012-2016 Pipeline by Project Type, Intended for Purely Voluntary OTC Market (in MtCO₂e)

| Volume Transacted 2011 (Mt) | | Volume Left in Portfolios (Mt) | | Projected Pipeline (Mt) | |
|-----------------------------|-----|--------------------------------|-----|-------------------------|----|
| Wind | 24 | A/R | 13 | REDD | 86 |
| A/R | 8 | IFM | 11 | A/R | 31 |
| REDD | 7 | Ag Land Management | 5 | Wind | 27 |
| Landfill | 6 | REDD | 4 | Hydro | 27 |
| Biomass | 5 | Hydro | 4 | Fuel Switching | 12 |
| Clean Cookstoves | 3 | Geothermal | N/A | Energy Efficiency | 12 |
| IFM | 3 | Energy Efficiency | 1 | Clean Cookstoves | 7 |
| Large Hydro | 3 | Fuel Switching | 1 | Biomass | 6 |
| ODS | 2.4 | Wind | 1 | Waste Heat Recovery | 4 |



Future Standard utilization - 2012



Thanks for your attention

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<http://cd4cdm.org/>

www.uneprisoe.org



SOCIALCARBON Project Cycle



UNFCCC & VCS
METHODOLOGIES

VCS
ACCREDITED

VCS_PDD

D.O.E. VALIDATION

MONITORING

D.O.E. VERIFICATION

SOCIAL CARBON
REPORT (POINT ZERO)

D.O.E. VALIDATION

MONITORING & ACTION
PLAN

D.O.E. VERIFICATION
(POINT ONE)

SOCIALCARBON
STANDARD &
INDICATORS

TUV NORD
BVQI

Carbon Accounting

Sustainability

DOCUMENTS AND
STATESMENT ISSUANCE

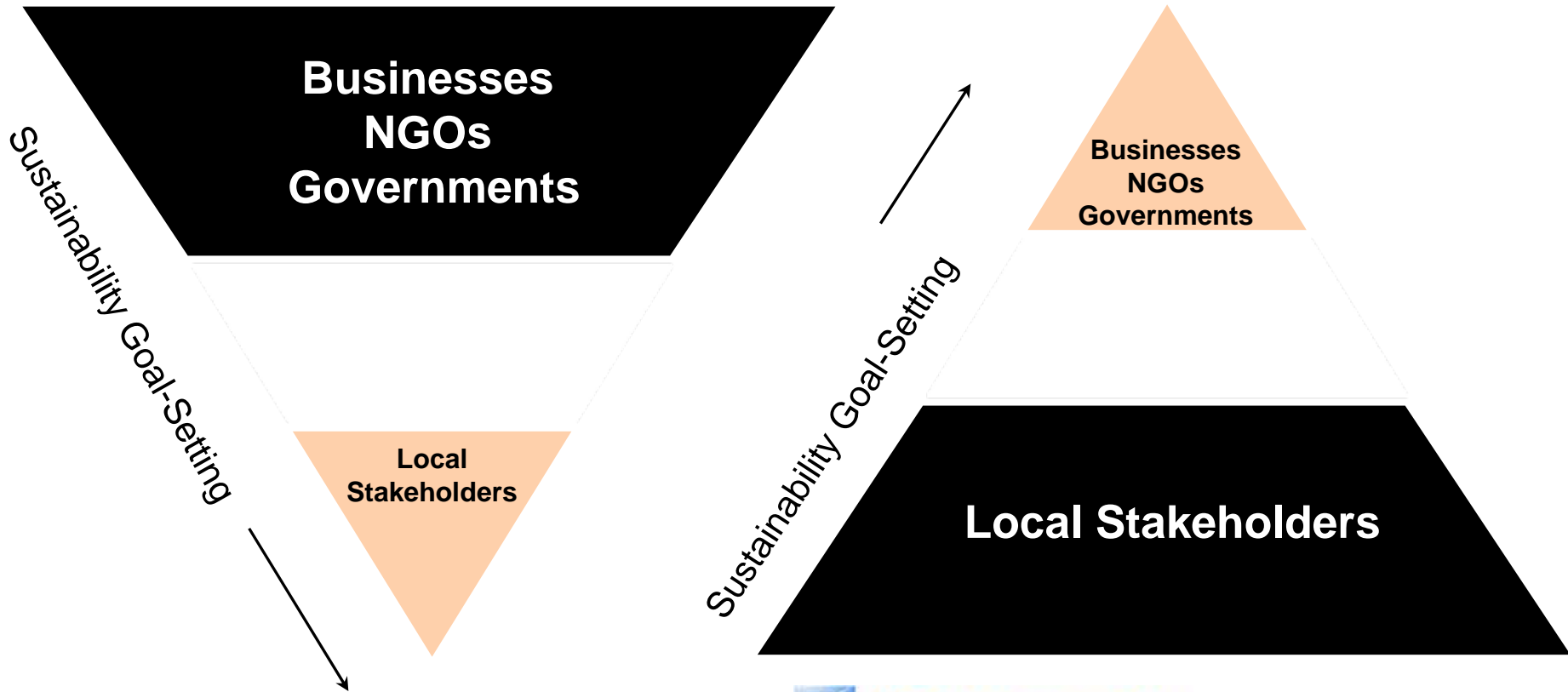
PAYMENT OF
VCS LEVY

PAYMENT OF
SOCIALCARBON LEVY

REGISTRATION INTO
MARKIT REGISTRY



CONCEPT & PHILOSOPHY



 **SOCIALCARBON®: Bottom-Up**

long term sustainability

MEASURING SUSTAINABILITY WITH SOCIALCARBON®

Six sustainability aspects measured over project lifetime

Point Zero is the baseline scenario

Point 02, 03...10 – Continual improvement is the goal

