

Platts CEC Price Assessment

The voluntary carbon credit market is set to grow dramatically over the next several years. Not only is the Paris Climate Agreement due to take effect, greatly increasing the need for a carbon offsetting initiatives on a global scale, individual businesses have significantly stepped up their own commitments to mitigating greenhouse gas emissions.

The International Civil Aviation Organization has created the Carbon Offsetting and Reduction Scheme for International Aviation – or CORSIA – to cap international aviation emissions from 2021. While airlines are expected to invest in other emissions-reducing options, the expectation is that most of this will be accomplished through the purchase of voluntary carbon credits.

S&P Global Platts provides a robust and independent daily price assessment and market commentary for the CORSIA-eligible carbon credit market.

What are the details of the Platts CEC price assessment?

Platts publishes a daily price for CORSIA-eligible credits in dollars per metric ton of carbon dioxide equivalent (\$/mtCO₂e) and represents five lots of 1,000 CO₂e units each. It reflects value at 16:30 London time.

Platts reflects credits from projects certified by the following groups: The Gold Standard, Climate Action Reserve (CAR), Verified Carbon Standard (VCS), Architecture for REDD+ Transactions, and American Carbon Registry. Platts reflects the methodologies per the registry and methodology limits set out here:

<https://www.icao.int/environmental-protection/CORSIA/Pages/default.aspx>

The CEC reflects the spot market for specific maturations, or vintages, for delivery in the current year, as per the ICAO's guidelines. It does not reflect price differences caused by project co-benefits or location, which may have a measurable impact on the cost of a specific carbon credit. While credits that specify additional co-benefits or specific geographical regions may be used in the Platts CEC assessment process, they may be normalized back to a neutral CORSIA-eligible credit for the purposes of assessment.

How is the Platts CEC price assessed?

The Platts CEC assessment will reflect bids, offers and trades for any CORSIA-eligible credits verified by the above groups as reported in either the Platts Market on Close process, in the brokered market, or on trading and exchange instruments for delivery within the current calendar year. This would include any trading activity in instruments that reflect delivery of CORSIA-eligible credits.

All the information used to inform the assessment is published transparently on Platts' platforms as heard's'.

Why is this price important?

- Brings pricing transparency to an opaque, developing market
- Provides the first concrete, daily price for GHG emissions
- Helps buyers and sellers to make informed planning and trading decisions

Where do carbon credit markets fit in with Platts other markets?

The growing focus on greenhouse gas emissions within different commodity sectors has prompted increased interest in carbon credits as a way to achieve "net-zero". Already, we have seen trades for "carbon-neutral" Liquified Natural Gas, which was achieved by selling a cargo of LNG with attached voluntary carbon credits. Platts CEC represents the first step in creating a transparent pricing mechanism for carbon. The climate impact of different projects are likely to have a growing influence on company, investor and buyer decisions moving forward.

Where are the prices, commentary and rationale published?

- Platts Market Data
- Platts fixed pages MH1414, MH0483
- European Marketscan
- Asia Pacific Arab Gulf Marketscan
- US Marketscan

Who can I contact to learn more about this price assessment?

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