

Suggestive review of the draft policy with reference to providing opportunities for a Voluntary Carbon Credits Exchange to work in parallel with the Power Exchange

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Tags

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Dear Sir,

Greetings for the day!

I appreciate the efforts of the Central Electricity Regulatory Commission in the development of the Draft Central Electricity Regulatory Commission (Terms and Conditions for Purchase and Sale of Carbon Credit Certificates) Regulations, 2024.

I am CA (Dr.) Alok Panday, the CEO of Compliance Kart (P) Ltd. hereby share my review on the policy with suggestions for Inclusion of Voluntary Carbon Credits Exchange. Compliance Kart is (a start-up recognised by the Government of India and the Government of Uttar Pradesh) in process of development of Voluntary Carbon Credit Marketplace in association with 6 Global Voluntary Carbon Credits Registries. I request you to provide the flexibility and entry for Indian Start-up too which will help in building more competitive structure of carbon credits trading in India and incentivise the Indian Economy.

Review of Draft Policy with Suggestions for Inclusion of Voluntary Carbon Credits Exchange

The draft policy of the Central Electricity Regulatory Commission (CERC) is a commendable step towards operationalizing a structured mechanism for the trading of Carbon Credit Certificates (CCCs). However, the current framework limits trading exclusively to Power Exchanges, which may inadvertently restrict the broader potential of global Voluntary Carbon Credits. The importance of incorporating Voluntary Carbon Credits Exchange as a parallel mechanism cannot be overstated. Here are the key aspects to consider:

Importance of Voluntary Carbon Credits (VCCs)

1. Global Appeal and Accessibility:

- VCC markets attract diverse participants, including private corporations, non-obligated entities, and international stakeholders, facilitating broader investment in carbon reduction initiatives.
- By providing a platform for voluntary participation, a Voluntary Carbon Credits Exchange can complement the compliance-driven trading on Power Exchanges, thus expanding market accessibility and inclusivity.

2. Catalyzing Climate Action:

- VCCs play a pivotal role in encouraging entities to adopt green practices voluntarily, beyond mandated compliance. This accelerates the overall reduction of greenhouse gas emissions.

3. Alignment with Global Trends:

- Nations and corporations worldwide are increasingly adopting VCC frameworks. Integrating a Voluntary Carbon Credits Exchange ensures India's alignment with global standards and practices, strengthening its position in international carbon markets.

Proposed Amendments to the Draft Policy

1. Inclusion of Voluntary Exchange Framework:

- Introduce provisions allowing the establishment and operation of Voluntary Carbon Credits Exchanges alongside Power Exchanges.

2. Dual Market Mechanism:

- Permit a hybrid trading system where entities can participate in both Compliance and Voluntary markets based on their objectives and capacities.
- Differentiate between CCCs intended for compliance and those for voluntary offsetting to maintain transparency and integrity.

3. Impact Assessment and Integration:

- Conduct a feasibility study to assess the market potential and economic impact of integrating Voluntary Exchanges.
- Leverage insights from successful global examples like the Verified Carbon Standard (VCS) or Gold Standard frameworks.

Potential Impacts of Integration

1. Economic Growth:

- Enhanced participation from private and international players can significantly boost the volume of carbon trading, leading to increased financial inflows.

2. Encouraging Innovation:

- A dual mechanism can inspire innovation in renewable energy projects, sustainable agriculture, and forestry, benefiting sectors beyond electricity.

3. Achieving Climate Goals:

- By unlocking voluntary contributions, India can achieve its climate commitments more effectively, contributing positively to global climate initiatives.

Conclusion

Incorporating a Voluntary Carbon Credits Exchange into the existing policy framework offers an inclusive, dynamic, and globally aligned approach to carbon trading. It not only broadens market participation but also supports India's ambition to lead in climate resilience and sustainability. Amending the draft policy to reflect this integration is a critical step towards maximizing the impact of carbon markets and achieving sustainable development goals.

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Warm Regards,

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