

To

The Secretary,
Central Electricity Regulatory Commission (CERC),
6th, 7th & 8th Floors, Tower B, World Trade Centre,
Nauroji Nagar, New Delhi, 110029.

31 December 2024

Sub: Comments on CERC's Draft Notification "Terms and Conditions for Purchase and Sale of Carbon Credit Certificates) Regulations, 2024."

Respectable Sir,

We welcome the Hon'ble Commission seeking comments/suggestions from various stakeholders on the above draft regulation to establish a carbon trading market. Please find GNA Energy Private Limited's suggestions below to enlarge the Carbon Trading Market to reach all the stake holders in India. It has been observed internationally that there are Digital Platforms other than Exchanges carrying out/facilitating carbon trading markets.

The successful International Digital Platforms are as under

- Blockchain-based carbon credit tokens: These include CarbonEco, CarbonCredit, JustCarbon Removal, Moss Carbon Credit, and Toucan Protocol.
- World Bank Climate Warehouse: A platform involved in carbon credit trading.
- Open Climate: A platform involved in carbon credit trading.
- Blockchain for Climate: A platform involved in carbon credit trading.
- Bitmo: A platform involved in carbon credit trading.
- Regen: A platform involved in carbon credit trading.
- Xpansiv : A platform for transacting energy and environmental commodity products such as carbon , renewable energy etc.

It is important to bring to the attention of the Hon'ble CERC that the success of carbon markets hinges on **including small enterprises, such as Micro and MSMEs, alongside larger industries. Therefore, it would be beneficial for the Hon'ble CERC to engage other regulated entities, such as OTC platforms in addition to exchanges, to raise awareness and help develop the necessary infrastructure for integrating small and medium-sized entities into the carbon market.** This is crucial for supporting the Government of India's efforts towards achieving a clean climate, especially as the market is still evolving and in its early stages.

Additionally, under **the Central Electricity Regulatory Commission (Terms and Conditions for Renewable Energy Certificates for Renewable Energy Generation) Regulations, 2022, the Hon'ble Commission has approved the bilateral REC transactions outside of exchanges.** In light of this, we respectfully request the Hon'ble Commission to extend this approach and permit OTC platforms, in addition to power exchanges, to be involved in the carbon market.



We hope that GNA Energy's suggestions will help CERC further improve the Indian power market.

1. Ref. Section 3 (Objective), 4 (Scope), and 9 (Dealing in the Certificates):

- a. GNA Energy would like to submit that Carbon Credit Certificates (CCCs) should also be traded in the Over-the-Counter (OTC) market to enable market participants to discuss custom contractual terms and conditions in a bilateral transaction. Bilateral OTC transactions in the carbon market are already prevalent in international markets, including European markets.
- b. CERC-regulated digital OTC Platforms are the ideal venue to list requirements for CCCs given that:
 - i. They are monitored and regulated by the CERC.
 - ii. Being digital platforms, they can enable seamless reporting for market participants, Registry, Administrator, and CERC.
 - iii. They provide complete transparency and flexibility to market participants.
- c. Allowing OTC Platforms to list requirements for the carbon market will enable counterparties to have contractual freedom to decide on the terms and conditions of the transaction bilaterally, however the delivery and execution will take place through the Registry, where the seller will have to proceed with a transfer from its account to the account of the buyer.
- d. CERC-regulated OTC Platforms can (i) help create a digital record of the financial flow for bilateral transactions along with the transfer in the registry.
- e. Digital OTC platforms, given that these are tech-platforms, are well positioned to ensure automated compliance with the processes and protocols defined by the Registry and the Administrator. For example, OTC Platforms can setup a digital process to apply position limits to ensure that an obligated or non-obligated entity shall not place sale bids in excess of total CCCs held in its Registry Account.
- f. Transparency in reporting transactions is a challenge faced even in Europe. In the Indian context, this can be easily overcome by leveraging CERC-regulated digital OTC platforms.
- g. The OTC platform is designed to be user-friendly and accessible to companies of all sizes. It provides all kinds of data and analytics, allowing companies to track their carbon emissions and make informed decisions about their carbon offsetting strategies. The platform also offers a range of tools and resources to help companies navigate the complex world of carbon trading such as assistance in measurement and certification, etc. Lot of work is needed to create a vibrant carbon market in India and thus we should involve all stake holders for the success.

2. Ref Section 9 sub-section 10

"Power exchanges, shall



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- i. Send reports...*
- ii. Report to the registry..."*

We would like to submit that to bring transparency and for robust ecosystem, reports along with all requisite details should be published on the Platform websites. It will help in bringing more confidence and participation in the carbon market.

We would request the Hon'ble Commission to take the necessary action to expand the scope of these regulation to include CERC-regulated digital platforms, including OTC Platforms.

Thank you for your kind consideration.

Thanks and Regards,



Nishchal Pandey
(Manager)

