

Voluntary carbon

INDEPENDENT PRICE ASSESSMENTS, NEWS AND ANALYSIS FOR THE VOLUNTARY CARBON MARKET

CORSIA prices show green shoots as EU clarity, airline activity revive market confidence

Prices for Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) Phase 1 (CP1) credits rose sharply in the week to Wednesday July 15, as the European Commission proposed removing additional quality restrictions for European airlines and procurement activity across Asia showed further signs of gathering pace.

Fastmarkets assessed CORSIA Phase 1 spot credits at \$11.60 per tonne of CO₂ equivalent (tCO₂e) on Wednesday, up from \$9.70 per tCO₂e the previous week, reversing several months of persistent price declines.

The recovery comes after the market spent much of the first half of the year under pressure from subdued airline buying, uncertainty over European eligibility rules and growing concerns that prevailing prices had fallen below levels many developers considered economically sustainable.

EU proposal lifts one source of uncertainty

Market sentiment improved significantly after the European Commission proposed removing additional quality criteria it had previously considered applying to carbon credits used by European Economic Area (EEA) aircraft operators during CORSIA's first compliance phase.

The revised proposal would remove planned additional restrictions on High Forest-Low Deforestation (HFLD) and cookstove credits, leaving European airlines able to access the same pool of ICAO-approved CORSIA Eligible Emissions Units as carriers elsewhere, if adopted.

Several market participants said the proposal removed one of the principal uncertainties that had contributed to delayed procurement among European airlines over recent months.

Others cautioned that the proposal still requires approval by Member States in the autumn and therefore does not eliminate regulatory uncertainty entirely.

Procurement signals strengthen

The improvement in sentiment also coincided with growing evidence that airlines are becoming more active in the market.

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Market Commentary

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CORSIA assessments (\$/tCO ₂ e)			
	15-Jul	08-Jul	Change
CORSIA Phase 1, \$/tCO₂e	11.60	9.70	▲ 1.90
CORSIA Phase 1 conditional offtake, \$/tCO₂e	8.40	8.40	0.00

Source: Fastmarkets

Market participants reported several requests for proposals (RfPs) from Asian airlines over recent weeks, adding to retirements already reported by Singapore Airlines, Scoot, Japan Airlines and All Nippon Airways toward future Phase 1 compliance.

While transactions remain limited relative to expected compliance demand, several sources said procurement discussions had become noticeably more active than earlier this year.

One market participant said developers had seen increasing engagement from intermediaries during the past week, while another reported trader bids around \$11.50 per tCO₂e. Separate market discussions also pointed to buying interest from a Middle Eastern airline at around \$13 per tCO₂e for larger volumes, well above prevailing futures prices.

Developers resist lower prices

Developers also appeared less willing to continue selling at the record low prices seen late last month.

Several market participants said prices below \$10 per tCO₂e had become increasingly difficult to justify given the additional costs associated with producing CORSIA-eligible credits, including host-country authorizations, corresponding adjustments, insurance and other compliance-related expenses.

One market participant said thin liquidity in ICE futures meant exchange prices no longer reflected conditions in the physical market but continued to influence negotiations.

The Intercontinental Exchange (ICE) December 2026 CORSIA futures contract strengthened to around \$11.25 per tCO₂e on Wednesday, up 25 cents since earlier in the day and more than 11% higher than a week earlier.

Confidence improves, but caution remains

Despite the stronger tone, market participants cautioned against interpreting the recent rally as the start of sustained buying.

Airlines still have until January 2028 to surrender credits covering emissions from CORSIA's first compliance phase, and many participants continue to expect procurement to remain backloaded.

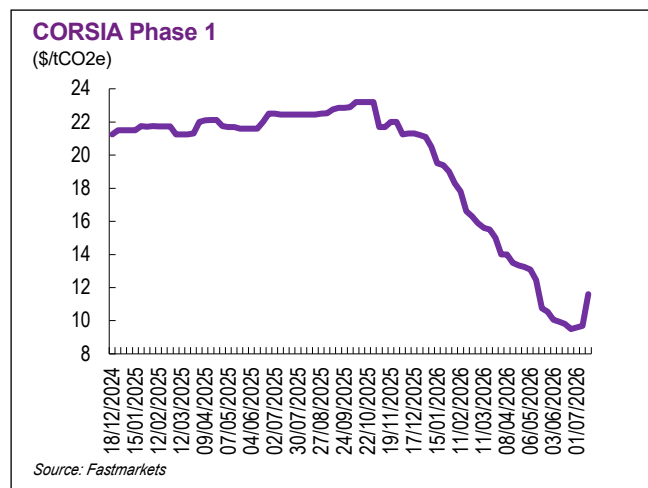
The European Commission's revised proposal also remains subject to approval later this year, while broader questions surrounding Article 6 implementation, host-country authorizations and corresponding adjustments continue to influence the pace at which additional supply reaches the market.

Industry estimates, including those from the International Air Transport Association (IATA), suggest Phase 1 demand could approach 200 million eligible emissions units, while currently authorized and tagged supply remains substantially below that level.

Early signs of recovery

Taken together, market participants said stronger procurement signals from Asia, buying interest from the Middle East and greater policy clarity in Europe had improved confidence after months of falling prices.

Buyers remain cautious, however, and several sources said it was still too early to call the start of a sustained recovery. But they added that developers were no longer willing to sell at the very low prices seen in recent weeks, while



enquiries from airlines and intermediaries had become more frequent, suggesting market activity was beginning to broaden.

CCP prices (\$/tCO ₂ e)			
	14-Jul	07-Jul	Change
Landfill Gas CCP, China, \$/tCO ₂ e	2.50	2.50	0.00
Landfill Gas CCP, Turkey, \$/tCO ₂ e	3.00	3.00	0.00
Landfill Gas CCP, Brazil, \$/tCO ₂ e	5.80	5.80	0.00
Landfill Gas CCP, US, \$/tCO ₂ e	7.00	7.00	0.00
Cookstoves CCP, Sub-Saharan Africa, \$/tCO ₂ e	13.00	13.00	0.00

Source: Fastmarkets

Latin America REDD+ vintage differentials widen amid thin demand for older vintages

The Reducing Emissions from Deforestation and Forest Degradation (REDD+) market saw older vintage Latin American prices come under pressure in the week to Wednesday July 15, the third consecutive week that these values have gone down, indicating weak buyer preference for these older vintages.

Fastmarkets' calculation of the REDD+ v20 differential, Latin America, was \$(5.65) per tCO₂e on July 15, while the REDD+ v19 differential, Latin America, was calculated at \$(6.20) per tCO₂e on the same day.

These were down respectively by \$ 0.10 per tCO₂e from \$(5.55) per tCO₂e and \$(6.10) per tCO₂e. This effectively priced the vintage 2020 credits at \$1.50 per tCO₂e and vintage 2019 credits at \$0.95 per tCO₂e.

Fastmarkets heard offers of 20,000 tCO₂e from vintage 2020 of VCS 2252 - Rio Anapu-Pacaja REDD Project, Brazil, at \$1.30 per tCO₂e. Meanwhile, around 90,000 tCO₂e of vintage 2017 credits were heard offered at \$0.20 per tCO₂e.

The prices for this project have come under pressure since Verra put the project on hold, suspending further issuances, after receiving

comments from stakeholders concerning the project in 2023. A formal investigation was launched in September 2023 and was continuing.

Offers of vintage 2017 credits from two different Colombian projects – the VCS 1390-Carmen del Darién (CDD) REDD+ Project and the VCS 1400-Concosta REDD+ Project - were heard at \$3.00 per tCO₂e for 80,000 tCO₂e each, while 100,000 tCO₂e from vintage 2014 credits were offered at \$1.60 per tCO₂e.

Vintage 2018 credits from the VCS 1566- REDD+ Project Resguardo Indígena Unificado Selva de Mataven (RIU SM), Colombia, were offered at \$0.70 per tCO₂e for 20,000 tCO₂e, unchanged from the most recent offer early in June. Vintage 2019 credits from the project were heard offered at \$1.25 per tCO₂e in late March.

Around 80,000 tCO₂e from vintage 2017-18 of the VCS 1391 Sivorú-Usaragá-Pizarro-Pilizá (Supp) REDD+ Project, Colombia were offered at \$5.00 per tCO₂e.

Fastmarkets also heard offers of VCS 868-Proyecto REDD+ Castañeros, Peru, for 80,000 tCO₂e from vintage 2017 being offered at \$3.00 per tCO₂e, and around 100,000 tCO₂e from vintage 2018-20 offered at \$3.10 per tCO₂e.

The project submitted an updated project design document to Verra, which include details of expected upcoming issuances for vintages 2021-25 which will be issued under Verra's new VM0048 methodology. The document said that the developer estimated annual emissions

REDD+ assessments (\$/tCO ₂ e)			
	15-Jul	08-Jul	Change
REDD+, Latin America, \$/tCO₂e	7.15	7.15	0.00
REDD+ v19 differential, Latin America, \$/tCO ₂ e	-6.20	-6.10	▼ 0.10
REDD+ v20 differential, Latin America, \$/tCO ₂ e	-5.65	-5.55	▼ 0.10
REDD+ v21 differential, Latin America, \$/tCO ₂ e	-0.50	-0.50	0.00
REDD+, Sub-Saharan Africa, \$/tCO₂e	2.90	2.90	0.00
REDD+ v19 differential, Sub-Saharan Africa, \$/tCO ₂ e	-2.65	-2.65	0.00
REDD+ v20 differential, Sub-Saharan Africa, \$/tCO ₂ e	-2.45	-2.45	0.00
REDD+ v21 differential, Sub-Saharan Africa, \$/tCO ₂ e	-0.45	-0.45	0.00
REDD+, Southeast Asia, \$/tCO₂e	1.10	1.10	0.00
REDD+ v19 differential, Southeast Asia, \$/tCO ₂ e	-0.75	-0.75	0.00
REDD+ v20 differential, Southeast Asia, \$/tCO ₂ e	-0.70	-0.70	0.00
REDD+ v21 differential, Southeast Asia, \$/tCO ₂ e	-0.40	-0.40	0.00

Source: Fastmarkets

reductions of 285,676 tCO₂e over the five-year crediting period.

The project previously issued around 19 million tCO₂e for vintages 2010-20, equating to around 1.73 million tCO₂e of annual emissions reductions. This represented a reduction of more than 80% in annual issuances during the new crediting period, and was along new jurisdictional baselines used by the updated VM0048 methodology.

Market participants were awaiting the first VM0048 credits to emerge in the market, but project developers in other jurisdictions have previously been targeting prices around \$15-16 per tCO₂e because a reduction in overall issuances increases their per-unit cost, raising breakeven costs.

Offers of vintage 2015 VCS 1067-REDD in Tambopata National Reserve, Peru, were heard at \$6.50 per tCO₂e for 75,000 tCO₂e.

The project was downgraded in April to 'B' from 'BB' by BeZero but offers of credits have remained more or less steady amid consistent retirements because the project has seen 71,367 tCO₂e retired since the re-rating.

The number of retirements per week for the project has ticked up to 5,490 tCO₂e per week after the re-rating, from 2,025 tCO₂e per week at the start of the year. But this may be due to a seasonal retirement surge around the end of the financial year. Vintage 2020 credits from the project were last heard offered at \$12.50 per tCO₂e late last year.

A few other older vintage (pre-2016) Latin American credits were also heard offered at \$0.40-1.00 per tCO₂e in the week.

Elsewhere, offers of VCS 1650-REDD in Keo Seima wildlife sanctuary, Cambodia, for vintage 2021 and 2020, were heard at \$5.90 per tCO₂e and \$5.55 per tCO₂e for more than 100,000 tCO₂e in each vintage.

Notably, Vintage 2021 credits from VCS 1650 REDD in Keo Seima Wildlife Sanctuary, Cambodia, were offered at \$5 per tCO₂e in the second half of May.

On Verra, retirements were up by 22% week on week to 139,793 tCO₂e. Anonymous retirees

cancelled 86,278 tCO₂e in the week, followed by Qantas Duty Travel retiring 16,309 tCO₂e of vintage 2018 credits from VCS 1122-April Salumei Rainforest Community Conservation Project, Papua New Guinea, for its voluntary carbon programs, while Telefonica Brazil retired 10,500 tCO₂e of vintage 2023 credits from the VCS 2551-Brazilian Amazon APD Grouped Project to offset its 2026 emissions under its Carbon Initiative.

VCS 1897-Ntakata Mountains REDD, Tanzania, was the most-retired project of the week, with 49,314 tCO₂e retired, followed by VCS 2878-Rio Madeira Grouped REDD+ Project, Brazil, which saw 24,184 tCO₂e retired from vintage 2023. Both retirements were executed by unnamed beneficiaries.

ARR pricing structure becomes more defined as secondary market activity remains subdued

Prices in the afforestation, reforestation and revegetation (ARR) market were broadly steady in the week to Wednesday July 15, with price indications continuing to point to an increasingly structured market even as secondary-market activity remained subdued.

Fastmarkets assessed ARR VCS, Latin America at \$11.20 per tonne of carbon dioxide equivalent (tCO₂e) on Wednesday, unchanged week on week, while ARR GS, Latin America was steady at \$22.80 per tCO₂e over the same period.

ARR assessments

(\$/tCO₂e)

	15-Jul	08-Jul	Change
ARR GS, Latin America, \$/tCO₂e	22.80	22.80	0.00
ARR VCS, Latin America, \$/tCO₂e	11.20	11.20	0.00
ARR VCS v19 differential, Latin America, \$/tCO ₂ e	-1.50	-1.50	0.00
ARR VCS v20 differential, Latin America, \$/tCO ₂ e	-1.25	-1.25	0.00
ARR VCS v21 differential, Latin America, \$/tCO ₂ e	-0.35	-0.35	0.00
ARR VCS native species differential, Latin America, \$/tCO ₂ e	7.50	7.50	0.00
ARR VCS single species differential, Latin America, \$/tCO ₂ e	-6.10	-6.10	0.00

Source: Fastmarkets

The latest offers suggested buyers continue to differentiate projects based on factors including project characteristics, co-benefits, ratings, certification standards and perceived credit quality, resulting in increasingly distinct pricing bands across the market.

Premiums persist for higher-quality projects

Offers for BeZero BBB-rated credits from the Argentina, Paraguay and Chile ARR project (VCS 3432) ranged from \$21-22 per tCO₂e across vintages 2020-2021.

Elsewhere, Brazil’s ARR project (VCS 3447), Guatemala’s Rubber Tree ARR project (VCS 514) and Colombia’s Vichada project (VCS 1530) were all offered at around \$20 per tCO₂e, suggesting a relatively consistent pricing band for established Verra ARR projects.

Gold Standard projects remained among the highest-priced offers reported during the week. Nicaragua’s Reforestation Program in the Southeastern Region of Nicaragua on Degraded Pastureland (GS 4220) was offered at \$46 per tCO₂e, while Panama’s CO₂OL Tropical Mix project (GS 2940) and Colombia’s Vichada Climate Reforestation Project (GS 4221) were both offered at around \$25 per tCO₂e.

At the lower end of the market, Uruguay-based ARR projects continued to trade at substantial discounts. Lumin/Eucapine Uruguay Forest Plantations on Degraded Grasslands under Extensive Grazing (VCS 960) was offered at \$6 per tCO₂e for vintage 2019 credits, while Montes del Este Afforestation through High Quality Timber in Degraded Grasslands (VCS 2576) was offered at \$9 per tCO₂e for vintages 2019-2020.

The pricing spread from \$6 per tCO₂e for some legacy Uruguay projects to \$46 per tCO₂e for premium Gold Standard removals underscored the extent to which ARR credits continue to be valued on a project-by-project basis rather than as a homogeneous commodity.

Registry activity remains subdued

Retirements on the Verra registry totaled around 13,400 tCO₂e during the week to Wednesday, remaining well below levels seen earlier this year.

The largest retirement came from India’s Reforestation of Degraded Land by MTPL project (VCS 2404) with 4,176 tCO₂e retired from vintage 2001-2011 by Qube Research and Technologies Ltd,

who also retired around 2,907 tCO₂e from China’s Qianbei Afforestation Project (VCS 2082) of vintage 2021.

Separately, The Trustee for the Brookfield retired around 1,071 tCO₂e from Colombia’s Afforestation of Degraded Grasslands in Vichada project (VCS 2512) of vintage 2020.

Gold Standard retirements remained minimal, with just 62 tCO₂e retired during the week.

No issuances were recorded on either the Verra or Gold Standard registries.

Project quality continues to drive pricing

Despite muted secondary-market liquidity, the week’s price indications suggested the ARR market is becoming increasingly structured. Premium projects continued to command sizeable premiums over mainstream ARR supply, while older Uruguay projects remained heavily discounted, reinforcing that project quality, methodology, co-benefits and buyer due diligence continue to be the principal drivers of value in the sector.

IFM credit prices stable; Mexican removals offered below US assessment

Improved Forest Management (IFM) carbon credit prices in the US were stable in Fastmarkets’ latest assessments on Wednesday July 15, amid steady offers and indications of tradable supply.

Fastmarkets’ weekly price assessment for IFM Removals, US, was steady at \$18.30 per tonne of CO₂ equivalent (tCO₂e) on Wednesday, and the price for IFM Avoidance, US, was assessed at \$8.30 per tCO₂e on the same day, also unchanged week on week.

Fastmarkets heard removal offers from vintage 2021-22 of CAR 1635, Captura de carbono forestal en los Bienes Comunales de San

IFM assessments (\$/tCO ₂ e)			
	15-Jul	08-Jul	Change
IFM Avoidance, US, \$/tCO ₂ e	8.30	8.30	0.00
IFM Removals, US, \$/tCO ₂ e	18.30	18.30	0.00
Source: Fastmarkets			

Francisco Oxtotilpan, Mexico and CAR 1638, Captura de carbono forestal en la Comunidad Indígena San Pedro Jacuaro, Mexico in around 5,000 tCO₂e each at \$15.70 per tCO₂e. Earlier in June, offers for CAR 1865, another Mexican IFM project, were reported at \$14.90 per tCO₂e for vintage 2023, while offers for CAR 1864 were reported at \$12.05 per tCO₂e for the same vintage.

Offers for VCS 1935, Hubei Hongshan IFM (Conversion of Logged to Protected Forest) Project were heard at \$1.75 per tCO₂e for vintage 2017 and \$1.55 per tCO₂e for vintage 2015 for 30,000 tCO₂e and 10,000 tCO₂e respectively. These offers are on par with levels observed at the start of June.

On ACR, 145,386 tCO₂e were issued in the week to ACR 981- Stimson Montana Forestlands Carbon Project, US, from vintage 2024, 31,985 tCO₂e were earmarked as buffer pool obligation, with 113,401 tCO₂e issued to the project developer. Of which 63,226 were tagged as removals with CCP approval, and 50,175 tCO₂e were reduction credits without the CCP tag.

Retirements were up in the week at 58,260 tCO₂e, with Deloitte as the top retiree of the week at 57,000 tCO₂e, It retired 40,000 tCO₂e of reduction credits from vintage 2023 of ACR 680, Anew - Quinte Forestry Project in Canada on behalf of Deloitte Management Services, and 17,000 tCO₂e of CCP-eligible removal credits, also from vintage 2023 of ACR 852 Anew - Little Bear Forestry Project, US, on behalf of Deloitte US Firms to address emissions from Fiscal Year

2026. All the other credits retired in the week (1260 tCO₂e) were also removal-tagged credits.

On Verra, retirements were up at 19,398 tCO₂e, of which 16,309 tCO₂e were retired from vintage 2018 of VCS 1122 April Salumei Rainforest Community Conservation Project, Papua New Guinea, by Qantas Duty Travel for use toward its Voluntary Carbon Program. Also in the week, Intellirent, a US-based software platform, retired 421 tCO₂e of vintage 2016 credits from VCS 2609 Kuamut rainforest conservation project, Malaysia and BeeQuest Global Equity Net Zero Fund retired 245 tCO₂e from vintage 2021 of VCS 2322 Monet Forest Conservation Project, Canada.

BeZero rated project-type assessments (\$/tCO₂e)

	15-Jul			Change
	Low	Mid	High	
REDD+ BeZero AA, \$/tCO ₂ e	9.30	9.58	9.85	▼ 0.10
REDD+ BeZero BBB, \$/tCO ₂ e	4.50	8.25	12.00	▲ 0.25
REDD+ BeZero BB, \$/tCO ₂ e	1.55	4.53	7.50	0.00
REDD+ BeZero B, \$/tCO ₂ e	1.65	5.13	8.60	0.00
REDD+ BeZero C, \$/tCO ₂ e	0.30	1.65	3.00	0.00
ARR BeZero BBB, \$/tCO ₂ e	29.00	37.00	45.00	▼ 0.50
ARR BeZero BB, \$/tCO ₂ e	11.50	24.75	38.00	0.00
ARR BeZero B, \$/tCO ₂ e	4.90	10.45	16.00	0.00
ARR BeZero C, \$/tCO ₂ e	2.60	6.18	9.75	0.00
IFM BeZero A, \$/tCO ₂ e	13.50	21.75	30.00	0.00
IFM BeZero BB, \$/tCO ₂ e	12.30	13.85	15.40	0.00
IFM BeZero B, \$/tCO ₂ e	8.75	11.38	14.00	0.00

Source: Fastmarkets

News

EU proposes removing additional CORSIA credit quality criteria for Phase 1

The European Commission has proposed removing additional quality requirements for carbon credits used by European airlines under the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA), while acknowledging that the revised approach would allow European Economic Area (EEA) aircraft operators to use carbon credits it considers to have lower environmental integrity.

The proposal was outlined in minutes of a June 15 meeting of the Climate Change Committee, seen by Fastmarkets.

The Commission presented a revised draft implementing regulation removing proposed additional quality criteria that would have applied to credits used by EEA aircraft operators during CORSIA's first compliance phase, covering emissions from 2024-26. The Commission said the revised approach reflected feedback from Member States and industry, describing it as "a constructive gesture of goodwill" aimed at securing "a positive vote on the draft act in the autumn."

The original proposal had included additional quality criteria for two categories of CORSIA-eligible credits: High Forest-Low Deforestation (HFLD) projects and cookstove projects reducing the use of non-renewable biomass.

The revised proposal removes both sets of additional criteria for Phase 1, meaning no EU-specific quality requirements

would apply beyond those already established under ICAO's existing CORSIA eligibility framework.

Commission changes course on Phase 1

The revised proposal means EEA aircraft operators would continue to access the same pool of ICAO-approved CORSIA Eligible Emissions Units available to airlines participating in the scheme elsewhere, avoiding separate EU-specific quality requirements during the first compliance phase.

The Commission said the changes reflected feedback from Member States and industry and were intended to secure support for the implementing act ahead of a vote expected in the autumn.

Integrity concerns remain

The Commission made clear that removing the additional criteria does not represent a change in its assessment of credit quality.

In presenting the revised proposal, officials reiterated warnings about "important overcrediting and permanence issues" affecting parts of the current CORSIA credit supply, citing peer-reviewed scientific literature, and acknowledged directly that the revised approach would mean EEA aircraft operators purchasing what the Commission described as "low environmental integrity" credits during Phase 1.

Officials described the revised approach as "a confirmation of the EU's support of CORSIA" that would give the scheme "another opportunity for strengthening its credit integrity" in future phases.

Market reacts to revised proposal

HFLD and cookstove projects represent a significant proportion of currently tagged CORSIA Phase 1 supply. The Commission's own supply impact assessment from earlier in the year estimated that just 10% of currently available supply would be eligible for EEA operators under the initial concept note.

Under the revised proposal, neither category would face additional EU-specific restrictions during Phase 1.

The proposal removes one source of regulatory uncertainty that market participants had cited as contributing to delayed procurement by some European carriers.

The announcement was also reflected in market pricing. Fastmarkets assessed CORSIA Phase 1 spot credits at \$11.60 per tonne of CO₂ equivalent (tCO₂e) on Wednesday July 15, up from \$9.70 per tCO₂e a week earlier.

The Intercontinental Exchange (ICE) December 2026 CORSIA futures contract strengthened to around \$11 per tCO₂e, rising around 9% week on week, with some traders attributing part of the move to the Commission's revised proposal, saying it reduced one source of regulatory uncertainty surrounding European compliance demand.

Developers also reported improved market sentiment following the proposal. One project developer said it had seen increased interest from intermediaries in recent days, while another market

participant reported trader bids around \$11.50 per tCO₂e, above prevailing ICE futures levels, suggesting some participants expected prices to strengthen further.

Market participants have repeatedly told Fastmarkets that uncertainty over which credits would ultimately qualify for European compliance had contributed to delayed procurement, particularly from European airlines, even as CORSIA Phase 1 prices fell from above \$20 per tCO₂e late last year to a record low of \$9.50 per tCO₂e on June 24.

Whether the revised proposal translates into sustained airline buying remains to be seen. Airlines have until January 2028 to surrender Phase 1 credits, while other constraints, including the pace of host-country authorisations, the costs associated with corresponding adjustments and insurance, and broader Article 6 implementation, continue to weigh on procurement decisions. Industry estimates suggest airlines could require around 200 million eligible emissions units during Phase 1, while currently tagged supply remains well below that level.

Attention turns to Phase 2

The Commission stated it is targeting a vote in the autumn during the committee meeting.

The proposal covers Phase 1 only. The Commission's description of the revised approach as providing "another opportunity for strengthening its credit integrity" suggests the debate over CORSIA credit quality is likely to continue before Phase 2, when EEA aircraft operators could again face additional eligibility requirements.

The original draft concept note also included additional proposed restrictions and criteria for Phase 2 eligibility, including additional requirements for host countries.

Brazil proposes 50 MtCO₂e cap for Article 6 ITMO exports during 2031-35

Brazil has proposed the authorization of up to 50 million tonnes of CO₂ equivalent (MtCO₂e) in Internationally Transferred Mitigation Outcomes (ITMOs) for international transfers during the period from 2031 to 2035. This initiative represents the country's first proposal to establish operational rules and quantitative limits for transactions conducted under Article 6.2 of the Paris Agreement.

The draft resolution, published for public consultation on Tuesday July 7, sets out the conditions, procedures and limits that would govern Brazil's participation in cooperative approaches under Article 6.2, following the approval of the country's regulated carbon market law in late 2024.

The proposal would allow the Brazilian government to authorize transfers of up to 50 MtCO₂e during the 2031-35 period, subject to compliance with domestic climate policies and international rules under the Paris Agreement. The consultation runs from July 7 to August 6.

The resolution fulfils a requirement under Article 51 of Brazil's regulated emissions trading system (SBCE), established by Law No. 15,042, which demands the Interministerial Committee on

Climate Change (CIM) to define the conditions, procedures and limits for ITMO authorizations.

The draft was jointly prepared by the ministries of finance, environment, science and technology, and foreign affairs through a technical working group established to implement the SBCE.

The proposal comes as project developers, investors and corporate buyers have increasingly argued that Article 6 authorizations are essential for unlocking long-term financing for carbon projects in Brazil.

Market participants have said ITMOs could create an additional source of demand beyond the voluntary carbon market and Brazil's future compliance market, improving revenue certainty for project developers and attracting international investment.

Speaking at Brazil Climate Investment Week in May, Caio Franco, director of policy and communications at Mombak, said compliance markets would be critical for scaling carbon removals globally.

"We cannot get anywhere near the order of 10 billion tonnes of removals a year by 2050 if we don't take into account compliance markets," Franco said. "In compliance markets, buyers do not buy just because they think it's a good idea; they buy because they must buy."

Leonardo Fleck, managing director for sustainability at Santander Brasil, said authorizing ITMOs could diversify demand beyond the voluntary market while helping Brazil attract international capital during the early stages

of market development. He cautioned, however, that exports should be balanced against Brazil's need to meet its own nationally determined contribution (NDC).

"The concern is that if we export our cheap credits now, it could become more costly for Brazil to meet its own goals in the future," Fleck said. "But if we delay too much, other countries will occupy that space and attract the capital first."

Brazil's 50 MtCO₂e ITMO cap based on voluntary market size, demand projections: interview

Brazil's proposed 50 million-tonne cap on Internationally Transferred Mitigation Outcomes (ITMOs) for 2031-35 was based on assessments of the country's voluntary carbon market, expected domestic and international demand, and the emissions reduction potential of key mitigation activities, a senior government official told Fastmarkets on Thursday July 9.

Brazil's proposed 50 million-tonne cap on Internationally Transferred Mitigation Outcomes (ITMOs) for 2031-35 was based on assessments of the country's voluntary carbon market, expected domestic and international demand, and the emissions reduction potential of key mitigation activities, a senior government official told Fastmarkets on July 9.

The proposed limit is intended to provide an additional boost to strategic mitigation projects while ensuring that international transfers remain compatible with Brazil's climate targets, according to José Pedro Neves, deputy secretary of the Finance Ministry's Extraordinary

Secretariat for the Carbon Market.

Brazil launched a public consultation on July 7 on a draft resolution that would establish the conditions, procedures and limits governing the country's participation in cooperative approaches under Article 6.2 of the Paris Agreement. The proposal would authorize up to 50 million tonnes of CO₂ equivalent (MtCO₂e) in ITMO transfers linked to mitigation outcomes generated between 2031 and 2035.

To determine the proposed cap, the government evaluated the size of Brazil's voluntary carbon market, as well as key sources of domestic and international demand for ITMOs, Neves said.

Officials also assessed the mitigation potential of activities considered strategic for Brazil's climate agenda, taking into account environmental and social co-benefits and the expected contribution of Article 6 activities to the country's Nationally Determined Contribution (NDC).

"The proposal seeks to provide an additional boost to projects considered strategic, taking into account factors such as co-benefits, technology transfer, contributions to government greenhouse gas mitigation programs, and climate justice," Neves said.

The government views the proposed limit as a conservative starting point and has built a mechanism into the draft regulation that would allow periodic adjustments based on Brazil's emissions trajectory and the performance of the mechanism.

According to Neves, the proposal establishes a biennial

monitoring and recalibration system under which the cap could be revised downward if emissions increase beyond expectations or upward if the country outperforms its climate goals or if the Article 6 mechanism proves particularly effective.

"The strategy is based on a conservative assumption regarding the volume to be authorized, while creating a biennial monitoring and recalibration system," he said.

Neves added that ITMOs should not necessarily be viewed as competing with Brazil's NDC objectives.

"It is important to consider that ITMOs are not necessarily competitors to the fulfillment of Brazil's NDC, but rather complementary instruments," he said. "They can help drive mitigation and decarbonization projects that currently face financing or scaling constraints."

Investment signal

The government expects the framework to stimulate demand for new carbon projects and credit generation over the medium term, while helping attract international investment and climate finance to Brazil.

According to Neves, the proposed system of periodic reviews is also intended to provide confidence to international market participants that Brazil remains committed to its climate goals while expanding its participation in Article 6 markets.

"The proposed limit could represent significant demand for new projects and credit generation in the medium term,

substantially strengthening Brazil's current voluntary carbon market," he said.

Neves added that the resolution could contribute to attracting investment and external financing while supporting the development of Brazil's carbon market.

Verra opens consultation on major cookstove methodology revision

Carbon standard and registry Verra has opened a public consultation on a major revision to its VM0050 cookstove methodology that will run until August 10.

The proposed revision was intended to strengthen the accuracy, transparency, conservativeness and consistency of emission reduction quantification and to reflect evolving best practices for clean-cooking projects, Verra said on Thursday July 9.

The revisions will include removing the Clean Development Mechanism (CDM) TOOL 30 as an option for calculating the fraction of non-renewable biomass (fNRB). At the same time, Verra was looking to include the modelling fuelwood savings scenarios - default scenarios (MoFuSS-DS) tool as an fNRB calculation option.

These revisions would move the methodology as a whole into line with the Integrity Council of the Voluntary Carbon Market's (ICVCM) Core Carbon Principle (CCP) restrictions it placed on version 1.0 of VM0050 when it approved it in March 2025.

As part of the approval, the ICVCM said that projects

would have to either use the updated CDM TOOL 33 for emissions achieved up to December 31, 2025, or the MoFuSS model.

Verra said that once version 2.0 of the methodology was finalized, it would submit it to the ICVCM for CCP approval.

Similarly, the proposed fNRB revisions would look to remove from the methodology restrictions placed by the International Civil Aviation Organization (ICAO) on Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) Phase 2 eligible units, which excludes the use of CDM TOOL 30 during the phase.

Other proposed changes included requirements and best practices for installing and implementing stove usage monitors as well as carrying out kitchen performance tests under the Clean Cooking Alliance's Comprehensive Lowered Emission Assessment and Reporting (CLEAR) methodology.

Along with the consultation, Verra was also seeking proposals for an independent expert review of the draft version 2.0 of the methodology.

Chile approves Climate Action Reserve under carbon tax program

Chile has approved the Climate Action Reserve (CAR) as an eligible external carbon crediting program under its Green Tax Emissions Compensation System (SCE), allowing CAR-certified projects to generate offsets that can be

used for compliance under the country's carbon tax.

The decision follows comments made by Cristina Figueroa, Chile's Carbon Pricing and Markets Coordinator, who told Fastmarkets in an interview in June that CAR's application was still under review. At the time, Figueroa said Chile recognized standards including Verra, Gold Standard, the Clean Development Mechanism (CDM), PACAM, BioCarbon and Cercarbono under its green tax framework, while CAR had "submitted a request" but had "not yet been recognized."

The Ministry of Environment announced on Thursday July 9 that it had completed the review, validating CAR's methodologies and verification bodies and making the registry eligible under the SCE.

Companies emitting at least 25,000 tCO₂e or more than 100 tonnes of particulate matter annually are subject to Chile's carbon tax, currently set at \$5 per tCO₂e. The government has said the carbon price will rise to \$35 per tCO₂e by 2030 and \$80 per tCO₂e by 2040, while regulated entities may use eligible domestic offsets to meet up to 100% of their tax liability.

The organization said it is also preparing a landfill protocol for Chile and plans to evaluate additional opportunities in sectors including agriculture, methane and forestry in consultation with the Ministry of Environment and local stakeholders.

MAS reports early interest in carbon market grant as Singapore builds carbon market capabilities

Singapore's central bank has

reported encouraging early interest in its Financial Sector Carbon Market Development Grant, providing the first public indication of market engagement with the program, according to the Monetary Authority of Singapore's (MAS) FY2025-26 Sustainability Report published on Tuesday July 14.

While the report does not disclose how many institutions have applied for or received funding, MAS said it had seen a "promising response" from financial institutions seeking to build capabilities in carbon project financing, trading, insurance and risk management.

The update comes as MAS' latest sustainability report places greater emphasis on building the financial infrastructure needed to support carbon markets, while continuing to advance initiatives such as the Financing Asia's Transition Partnership (FAST-P), the Transition Credits Coalition (TRACTION), transition planning guidance and the Singapore-Asia Taxonomy.

Financial institutions move to the forefront

The Financial Sector Carbon Market Development Grant, launched in October 2025, is designed to help financial institutions overcome the high upfront costs of entering carbon markets by supporting capability development across project finance, trading, insurance and risk management.

The report states that financial institutions play a central role across the carbon market value chain, from financing projects and structuring transactions to underwriting risks and

facilitating carbon credit trading.

According to MAS, the grant complements broader government initiatives aimed at supporting high-integrity carbon markets, including voluntary carbon market guidance for companies and support for an industry-led buyers' coalition that later launched as the Action for a Resilient Climate (ARC) Coalition.

Though the report provides no quantitative update on applications or awards, it marks the first public indication that financial institutions are responding to the program.

The initiative sits alongside TRACTION, FAST-P and the ongoing review of the Singapore-Asia Taxonomy under MAS' broader objective of building a "vibrant sustainable finance ecosystem."

TRACTION enters execution phase

The report also signals a new phase for the Transition Credits Coalition (TRACTION), the MAS-convened initiative focused on financing the early retirement of coal-fired power plants through high-integrity transition credits.

Following publication of TRACTION's final report at COP30, MAS said the coalition's formal two-year mandate has concluded, with the next stage focused on translating its recommendations into concrete projects and transactions through broader public- and private-sector efforts.

Alongside the final report, MAS announced a Statement of Support signed by more than 20 public and private organizations expressing early interest in

participating in transition credit projects through offtake, financing and underwriting arrangements.

The regulator said the commitments are intended to provide greater confidence for project developers, financiers and host governments considering early coal-retirement projects.

Carbon markets within a broader transition finance agenda

Beyond carbon markets, the report highlights the continued expansion of Singapore's transition finance architecture.

MAS said FAST-P continued to grow during the year, with its Green Investments Partnership reaching a second close of \$800 million, while the Energy Transition Acceleration Finance partnership achieved a first close of \$250 million for its displacement strategy.

The regulator also issued transition planning guidelines for banks, insurers and asset managers, initiated a review of the Singapore-Asia Taxonomy, and continued efforts to strengthen climate-related disclosure requirements and sustainable finance capabilities.

Taken together, the report suggests MAS increasingly views carbon markets as one component of a broader transition finance ecosystem designed to mobilize capital for decarbonization, infrastructure development and climate resilience across Asia.

Rather than signalling a new policy direction, the report points to a growing emphasis on building the institutional capabilities, financing mechanisms and market

participation needed to translate Singapore's carbon market frameworks into functioning markets.

MEPs strip Article 27a, Article 6 credits from CBAM while tightening scrap rules

The European Parliament's Committee on the Environment, Climate and Food Safety (ENVI) has approved amendments to the EU's Carbon Border Adjustment Mechanism (CBAM) proposal, endorsing tougher measures to close CBAM loopholes, stronger oversight of carbon pricing systems in third countries while rejecting the inclusion of international carbon credits and the widely discussed Article 27a, which allows temporary exclusion of certain products from CBAM scope in "unforeseen and serious circumstances."

The compromise amendments also expand the list of downstream products covered by CBAM, adding more than 250 CN codes under the proposed scope extension while deleting one iron and steel entry related to ferrous scrap, excluding post-consumer scrap.

On July 6, the committee voted on compromise amendments to the European Commission's proposal to expand CBAM to downstream products and strengthen the mechanism's anti-circumvention framework, paving the way for plenary to vote on Parliament's mandate on September 14-17, during the Irish Council Presidency.

The September plenary vote is expected to give Parliament a mandate to enter trilogue negotiations with the Council of the EU and the European Commission acting as mediator.

Any revisions to the CBAM legislation would enter into force only after the inter-institutional negotiations are concluded and the final text is formally adopted.

The European Council's position, agreed by member states earlier in June, also removes references to Article 6 of the Paris Agreement and extends CBAM coverage to around 200 additional downstream iron, steel and aluminium goods, while excluding three CN codes from the Commission's original list.

But the Council's agreed position retains Article 27a, albeit with stringent restrictions including a sustained price increase, lasting six months or more, where the average import price of a CBAM-covered good, on which the EU has "import dependency," has increased by more than 50% compared with its average price over the previous 10 years.

This divergence sets up Article 27a as a key point of contention in trilogue negotiations, with Council seeking to retain a restricted safeguard clause while Parliament has moved to delete it entirely.

Article 27a deleted despite alternative safeguard proposal

Originally proposed by the European Commission as a mechanism to address "serious and unforeseen circumstances," Article 27a had become one of the most contentious elements of the CBAM review, with supporters arguing it was needed to shield vulnerable sectors from excessive cost shocks and critics warning it could undermine regulatory certainty.

ENVI lawmakers confirmed the deletion of Article 27a, rejecting a proposed alternative compromise amendment that would have retained Article 27a in a revised form. Under the alternative text, the provision would have been recast as a broader "safeguard clause," requiring the Commission to assess risks to EU competitiveness, supply chains and the viability of specific sectors, including agriculture, and allowing it to temporarily remove products from CBAM scope where their inclusion caused or risked causing severe harm.

The alternative text also envisaged the temporary increase of free allocation for affected sectors.

By opting instead for a full deletion, the committee reinforced Parliament's long-standing emphasis on regulatory predictability and investment certainty. Supporters of the deletion have argued that CBAM product coverage is a core feature of the mechanism and should not be subject to delegated acts that could alter its scope after implementation.

Parliament closes door on Article 6 credits

A key outcome of the vote was the removal of provisions that would have allowed carbon credits under Article 6 of the Paris Agreement to be considered when calculating carbon costs paid abroad. The committee deleted text empowering the Commission to establish rules for deducting Article 6 credits and removed a related recital that had signalled openness to their future use.

The Commission had earlier this year published draft implementing legislation setting out how carbon prices paid outside the EU would be recognized, and how importers could claim reductions in the number of CBAM certificates surrendered at the EU border to reflect those costs.

If Article 6 references are removed from the final CBAM regulation, after the trilogue, then the Commission's proposed implementing act on recognizing carbon costs paid abroad could lose its legal basis.

Although Parliament rejected the use of Article 6 credits, members of the European Parliament (MEPs) strengthened language around international cooperation.

Post-consumer scrap rules strengthened, but loophole concerns linger

The committee strengthened provisions around scrap material, another area closely watched by aluminium and steel industries.

While the original draft clarified the treatment of pre-consumer scrap, the compromise text goes further by introducing detailed reporting requirements and explicit evidential obligations for importers claiming the use of post-consumer scrap. Importers would need to provide verifiable documentation on scrap origin and classification, while CBAM declarations would include information on scrap content and whether material originated from pre- or post-consumer sources.

The compromise amendments also introduce definitions for

pre-consumer aluminium scrap and require additional supply-chain verification information, including melt and pour data where relevant.

But aluminium producers warned that the package does not fully resolve loopholes around scrap treatment and import thresholds.

Industry association European Aluminium said in a press release on July 7 that the ENVI package leaves key loopholes unresolved, particularly around the treatment of post-consumer scrap and the proposed 50-tonne mass-based threshold, under which importers bringing in less than 50 tonnes of CBAM-covered goods annually would be exempt from the mechanism. The association argued that the threshold is poorly suited to aluminium because of its high value-to-weight ratio, meaning many downstream aluminium products could remain outside CBAM despite competing directly with EU-made products. Combined with what the association views as insufficient safeguards around post-consumer scrap, it warned that some imports could continue to avoid an equivalent carbon-cost burden, undermining competitiveness and weakening CBAM's ability to prevent carbon leakage.

Closing online sales loophole

The ENVI committee also adopted provisions designed to address what lawmakers describe as a growing loophole associated with online and distance sales.

Under the amendments, importers facilitating distance sales would be treated as CBAM importers, with de minimis thresholds applied to

aggregated annual imports rather than individual consignments. Authorities would be empowered to monitor transaction splitting and other strategies aimed at avoiding CBAM obligations.

The measure reflects concerns that growing e-commerce imports could undermine both environmental integrity and competitive neutrality if equivalent CBAM obligations are not applied.

ETS cooperation language points to linkage talks

The compromise package further opens the door to memorandums of understanding (MOUs) and other arrangements with countries pursuing electricity-market integration with the EU, while clarifying how jurisdictions with partial Emissions Trading Scheme (ETS) alignment could cooperate with the bloc under CBAM.

The language stops short of recognizing international carbon credits, but signals Parliament's preference for regulatory cooperation with jurisdictions that operate comparable carbon-pricing systems and emissions-accounting standards.

That could be particularly relevant for ongoing UK-EU carbon market discussions. While the amendments do not specifically reference the UK, their emphasis on electricity-market integration, ETS interoperability and monitoring, reporting and verification (MRV) alignment could support future linkage talks and reduce potential CBAM frictions for cross-border electricity trade.

LDC support linked to Temporary Decarbonization Fund

The adopted text strengthens Parliament's push for international cooperation under CBAM, requiring the Commission to engage with third countries on carbon-pricing interoperability and alignment of MRV frameworks.

MEPs also expanded support for developing countries and least developed countries (LDCs), including technical assistance, simplified reporting obligations and cooperation on the development of domestic carbon pricing and decarbonization measures.

The text specifies that support could be channeled through dedicated EU budget mechanisms and international climate finance instruments, including the proposed Temporary Decarbonization Fund.

The compromise text states that the fund could serve a dual function by supporting decarbonization efforts in third countries while also helping EU industries that remain exposed to residual carbon leakage risks.

Resource shuffling targeted

The approved text formally defines resource shuffling and bringing it within the scope of abusive practices under CBAM rules.

Resource shuffling is defined as the redirection of lower-emission products to the EU market while higher-emission production is diverted elsewhere, without creating new low-carbon capacity or reducing overall emissions.

Under the compromise text, the Commission would be required

to identify combinations of goods and origin countries deemed at high risk of abusive practices using factors including climate ambition, carbon pricing coverage, market-economy indicators, production patterns and emissions heterogeneity. Goods deemed high risk could be subjected to default emissions values unless importers can demonstrate that no abusive practices have occurred.

The legislation also expands anti-circumvention provisions covering minor processing changes designed to move goods outside CBAM codes and supply-chain adjustments designed solely to avoid CBAM obligations.

Looking ahead

The committee's position also signals areas for future expansion of the mechanism.

MEPs called for ongoing assessment of chemicals, polymers and additional scrap materials for future inclusion, consideration of newly split CN codes, and a review of how indirect emissions could gradually be incorporated across more sectors ahead of the next CBAM review due by the end of 2027.

EUA market rangebound while it weighs policy, gas-price risks as CBAM certificates' price assessment firms

European Union Allowance (EUA) markets have traded in a relatively tight range since the start of July, with auction outcomes, secondary-market flows, positioning data and wider energy risks shaping sentiment, while Carbon Border Adjustment Mechanism (CBAM) Certificate Index and CBAM

Certificate Builder prices have strengthened over the same period.

EUA pricing overview**Primary Market**

The European Energy Exchange's (EEX) EUA Primary spot auction cleared at €79.56 (\$90.91) per tCO₂e for 2,246,500 tCO₂e, with 15 successful bidders on Tuesday July 14. This was the second highest clearing price in the month, after €80.11 per tCO₂e on July 7, while the lowest clearing price was €77.70 per tCO₂e on July 9. Month to date, 19,714,000 tCO₂e have been cleared in auctions, with the average clearing price of €78.85 per tCO₂e.

Secondary Market

On the EEX EUA Future market, the EUA December 2026 contract had a settlement price of €79.21 per tCO₂e at the end of last week on Friday July 10, with 119,000 tCO₂e traded via 86 trades, while over the counter (OTC) reported trades on EEX accounted for 200,000 tCO₂e traded via 3 trades, with the open interest registered at 196,310 lots. The EUA prices were bound between €78.52 per tCO₂e and €79.50 per tCO₂e on the day.

Prices were down by €0.35 per tCO₂e since the start of the month, when the contract settled at €79.56 per tCO₂e. The highest settled price since the start of the month was €81.81 per tCO₂e on July 6, while the lowest level was €79.04 per tCO₂e two days later, on Wednesday July 8.

Since the start of the month, a total of 6,525,000 tCO₂e have been traded, of which 2,285,000 tCO₂e was traded on the exchange through 1,693 trades (average 1,350 tCO₂e per

trade), while 4,240,000 tCO₂e was traded OTC via 26 trades (average 163,076 tCO₂e per trade). The largest exchange traded volume was on July 7, at 704,000 tCO₂e (615 trades) and for OTC traded volume it was 1,840,000 tCO₂e from 4 trades on July 6.

The open interest, however, has increased by 4,044 tCO₂e from 192,266 lots at the start of the month to 196,310 lots on July 10.

The front month August 2026 contract settled at €78.49 per tCO₂e. The August 2026/December 2026 spread was €0.72 per tCO₂e. The contract saw 5,000 tCO₂e traded in the month via 5 trades, and the open interest decreased by 3 lots from 3,060 lots to 3,057 lots.

Lastly on EEX, the spot contract settled at €78.25 per tCO₂e, with the highest levels at €80.80 per tCO₂e. The spot/August 2026 spread was €0.24 per tCO₂e. The contract saw 90,000 tCO₂e traded via 66 trades while 250,000 tCO₂e was traded through OTC transaction.

In the Intercontinental Exchange (ICE) EUA Futures market, the December 2026 futures contract settled at €81.47 per tCO₂e on July 14, second highest in the month after €81.79 per tCO₂e on July 6, while the lowest level in the month was €79.04 per tCO₂e on July 8 and 9, tracking with movements on the EEX. Prices were up by €1.93 per tCO₂e since the start of the month, when the contract settled at €79.54 per tCO₂e.

EUA positioning overview

The latest ICE Index Commitment of Traders (COT) report published on July 7, which captures positions up to July 3,

showed that the ICE EUA futures market is sharply split between financial-sector short exposure and commercial/compliance-led long exposure.

Investment firms and credit institutions were by far the largest short-side category, holding 511,353 lots short against 192,068 lots long, leaving them net short by around 319,285 lots. Their short exposure accounted for 82% of total short open interest, making this the clearest concentration in the report.

By contrast, commercial undertakings were the largest net-long group, with 285,226 lots long against 79,818 lots short, giving a net long position of about 205,409 lots. This is notable because much of the commercial long exposure was classified as risk-reducing at 204,847 lots, suggesting the position is more likely linked to hedging carbon or energy-market exposure than to outright speculative length.

EU Emissions Trading Scheme (ETS) operators were also structurally long, although smaller in scale, holding 65,761 lots long versus 13,636 lots short, or net long by around 52,125 lots. Their positioning was similarly dominated by risk-reducing longs, which reinforces that compliance-linked participants are using EUA futures to manage forward allowance exposure.

Investment funds were net long as well, with 76,376 lots long versus 17,849 lots short, leaving them net long by roughly 58,527 lots. But unlike commercial undertakings and operators, fund length was almost entirely in the "other" bucket rather than risk-reducing, making it look more like directional

positioning than compliance hedging.

Week on week changes were relatively modest compared with the size of outstanding positions. Investment firms cut both longs and shorts, while funds trimmed longs and added some shorts. Commercial undertakings added marginally to both long and short positions, and operators reduced both sides slightly.

CBAM price outlook

Fastmarkets' CBAM Certificate Index was at €79.32 per tCO₂e on Monday July 13, up from €78.51 per tCO₂e on Friday July 10, while the CBAM Certificate Builder was at €78.77 per tCO₂e, down from €78.82 per tCO₂e in the same comparison.

Month to date the CBAM Certificate Index has gone up by €0.49 per tCO₂e, it was highest at €80.95 per tCO₂e on July 6 supported by the strength seen in the secondary market while the lowest of the month was €78.38 per tCO₂e on July 8, again driven by the fluctuations in the secondary market which self-corrected post auction clearing on July 7.

While the CBAM Certificate Builder has gone up by €3.49 per tCO₂e in the month, with its highest reported at €79.19 per tCO₂e on July 8 after the strength in auction prices, while the lowest was at €75.28 per tCO₂e on July 1.

The CBAM Certificate Index provides a forward-looking daily assessment of the quarter's CBAM Certificate price combining auctioned EUA values with spot and future EUA prices while the CBAM Certificate Builder provides a daily assessment of the volume weighted average cost of EUA

auctions completed within the current reporting period.

The CBAM Certificate Index is more sensitive to secondary-market activity, including exchange-traded futures contracts, although this sensitivity typically eases as the quarter progresses.

By contrast, the CBAM Certificate Builder is more closely tied to the primary auction market.

The CBAM Certificate Index was calculated at €75.28 per tCO₂e on June 30, the final assessment in the second quarter, in line with the official second quarter CBAM certificate price which was published on July 6. The CBAM index tracked the final CBAM certificate price within a dollar from May 22.

Market developments to look out for in the week

All eyes are now on two pivotal forces that could shape the EUA markets; namely, the evolving political outlook for the EU ETS and developments in global energy markets. Participants will be closely monitoring progress on the EU ETS review, for signals on supply-demand fundamentals and the long-term direction of the bloc's carbon market. Any indications of tighter emissions constraints or broader sectoral coverage could reinforce bullish sentiment, while uncertainty around the legislative process may encourage more cautious positioning.

At the same time, escalating tensions between the US and Iran, and the associated risks to shipping through the Strait of Hormuz, have pushed gas prices higher and added a fresh layer of volatility to European energy markets. Elevated gas prices

can influence fuel-switching economics and power-sector emissions expectations, making energy fundamentals an increasingly important driver of carbon prices. As a result, the EUA market is likely to take its cues this week from both Brussels and the Middle East, with policy developments and energy-security concerns combining to shape trading sentiment and price direction.