

Voluntary carbon

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

CORSIA prices dip to \$15.50 on still-cautious demand, supply outlook in question

Prices in the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) Phase 1 (CP1) edged downward in the week to Wednesday March 18, with limited airline procurement and continued price sensitivity weighing on sentiment, while emerging constraints challenged expectations of abundant future supply.

Fastmarkets assessed the price of CORSIA Phase 1 (CP1) spot credits at \$15.50 per tonne of carbon dioxide equivalents (tCO₂e) on Wednesday, down by 10 cents per tCO₂e from the previous week.

Market participants reported thin activity, with the best bids on CIX heard at \$13.57 per tCO₂e for 4,000 tCO₂e, while the best offers were heard at \$14.75 per tCO₂e for similar volumes.

Spot market remains subdued

Muted spot activity continued across the week, with buyers maintaining a cautious stance and largely resisting the higher offers.

Market participants said that while engagement by airlines has started to increase, procurement was still limited, with many buyers continuing to monitor price trends and supply developments before entering the market in larger volumes.

As a result, bids remained below assessed levels, while sellers showed some willingness to lower offers to facilitate transactions.

Nigeria LoA highlights near-term supply, execution constraints

Market discussions this week focused on further details around Nigeria's Letter of Authorization (LoA) granted to clean cooking developer BURN and its partners, including Key Carbon, covering 5.2 million tCO₂e.

While the LoA signals significant potential supply, market participants said that actual deliverability into CP1 was expected to be lower in the near term.

Key Carbon indicated capacity to deliver around 3.4 million tCO₂e into Phase 1, with credits expected to be issued in the coming weeks via the insurance route.

Market participants noted that timelines for issuance, insurance approval and tagging were still key variables in determining how much volume ultimately reached the market during CP1.

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Market Commentary

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CORSIA assessments

(\$/tCO₂e)

	18-Mar	11-Mar	Change
CORSIA Phase 1, \$/tCO ₂ e	15.50	15.60	-0.10

Source: Fastmarkets

CCP-labelled credits continue to attract demand

Developers reported continued demand for Core Carbon Principles (CCP)-labelled credits, with some issuance already pre-sold.

But industry participants added that the market was still price sensitive, with some buyers continuing to prioritize lower-cost credits despite increasing interest in higher-integrity supply.

This has contributed to a fragmented pricing environment across project types and certification standards.

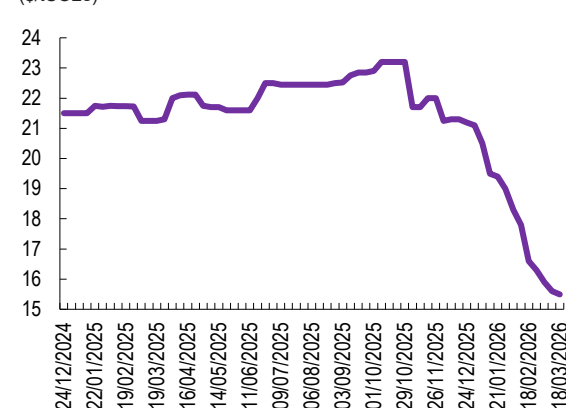
Supply expectations begin to shift

Some market participants said that current expectations of future CORSIA supply may be overstated, citing constraints including limited government capacity to issue LoAs, challenges in securing insurance in certain jurisdictions, and rising project costs.

They also pointed to tightening methodological requirements, including expected updates to fNRR assumptions for crediting periods starting in 2026, which were likely to reduce future crediting rates, alongside the growing effects of host country charges and corresponding adjustment costs.

CORSIA Phase 1

(\$/tCO₂e)



Source: Fastmarkets

While some projects continued to offer credits at lower prices to generate near-term cashflow, market sources suggested that such dynamics may not persist over the longer term.

Market awaits stronger demand signals

Despite continuing development of new supply pipelines, market participants said that clearer price direction will depend on airlines converting projected compliance demand into consistent procurement activity.

Airlines have until January 2028 to meet Phase 1 obligations, and buying was widely expected to remain backloaded.

Prices may continue to face near-term pressure even while some market participants expected tighter supply over the medium term.

REDD+ markets languish; over 1 million pre 2016 credits issued

The Reducing Emissions from Deforestation and Forest Degradation (REDD+) market stayed stable in the week to Wednesday March 18, amid steady offers reported to Fastmarkets.

Fastmarkets heard an offer for vintage 2020 of VCS 1477, Katingan Peatland Restoration and Conservation Project, Indonesia at \$12.50 per tCO₂e which was \$0.50 per tCO₂e lower than offers reported at \$13.00 per tCO₂e in mid-February. Small volumes were reported to have traded at \$12.00 per tCO₂e in February and around \$13.00 per tCO₂e at the start of March. Verra is currently conducting its evaluations for issuance of volumes from vintage 2021-2022. The project last issued 5,884,249 tCO₂e of vintage 2020 credits in March 2022.

Of those credits issued for vintage 2020, only 6.7% (394,364 tCO₂e) remains unretired. Similarly, of the 5,646,054 tCO₂e verified for vintage 2019, only 9.2% (520,167 tCO₂e) remains available for retirement.

This week saw issuances of 1,152,260 tCO₂e, of which 1,142,060 tCO₂e was issued for vintage 2005-2013 of VCS 1215, the Makira Forest Protected

REDD+ assessments (\$/tCO ₂ e)			
	18-Mar	11-Mar	Change
REDD+, Latin America, \$/tCO₂e	6.50	6.50	0.00
REDD+ v19 differential, Latin America, \$/tCO ₂ e	-5.75	-5.75	0.00
REDD+ v20 differential, Latin America, \$/tCO ₂ e	-4.60	-4.60	0.00
REDD+ v21 differential, Latin America, \$/tCO ₂ e	-0.25	-0.25	0.00
REDD+, Sub-Saharan Africa, \$/tCO₂e	3.00	3.00	0.00
REDD+ v19 differential, Sub-Saharan Africa, \$/tCO ₂ e	-2.50	-2.50	0.00
REDD+ v20 differential, Sub-Saharan Africa, \$/tCO ₂ e	-1.20	-1.20	0.00
REDD+ v21 differential, Sub-Saharan Africa, \$/tCO ₂ e	-0.40	-0.40	0.00
REDD+, Southeast Asia, \$/tCO₂e	1.00	1.00	0.00
REDD+ v19 differential, Southeast Asia, \$/tCO ₂ e	-0.75	-0.75	0.00
REDD+ v20 differential, Southeast Asia, \$/tCO ₂ e	-0.65	-0.65	0.00
REDD+ v21 differential, Southeast Asia, \$/tCO ₂ e	-0.40	-0.40	0.00

Source: Fastmarkets

Area in Madagascar. Of the volumes issued, 35% (401,871 tCO₂e) belonged to grouped vintage 2005-2009, 25% (279,113 tCO₂e) were from vintage 2010, 12% (141,845 tCO₂e) were from vintage 2011, 4% (45,678 tCO₂e) were from vintage 2012 and 24% (273,553 tCO₂e) belonged to vintage 2013.

Other issuances were from VCS 3590, Jutaituba REDD+ Project in Brazil (10,000 tCO₂e) of which 3000 tCO₂e has been retired in the week and VCS 3739, Selva de Urundel REDD+ Project in Argentina (200 tCO₂e).

Retirements were down by 34% week on week at 304,207 tCO₂e. VCS 934, the Mai Ndombe REDD+ Project in the Democratic Republic of Congo was the highest retired project over the week at 96,174 tCO₂e, of which 96,000 tCO₂e from vintage 2013 was retired by Consorzio PerGenova Breakwater, the company responsible for the breakwater project in Port of Genoa, Italy.

ARR market remains subdued; Cumare project reprices sharply following 'C' rating

Prices in the afforestation, reforestation and revegetation (ARR) sector were largely stable in the week to Wednesday March 18 with limited secondary trading and muted demand, while a sharp repricing of the Colombian Cumare ARR project (VCS 2532) highlighted growing sensitivity to credit quality.

Fastmarkets assessed ARR VCS Latin America at \$11.45 per tCO₂e, up a marginal 5 cents on the

week. ARR GS Latin America was unchanged at \$23.80 per tCO₂e.

Repricing pressure emerges

Offers for the Cumare Carbon Project in Colombia (VCS 2532) fell significantly after BeZero Carbon assigned the project a 'C' rating on February 27, its first rating.

Vintage 2020 credits of the project were offered at \$10 per tCO₂e for 20,000 tCO₂e. Vintage 2021 credits were offered at \$13 per tCO₂e for 100,000 tCO₂e. Vintage 2022 credits were offered just 50 cents higher at \$13.50 per tCO₂e for 100,000 tCO₂e.

This compares with offer levels of around \$19.10 per tCO₂e for vintage 2020-2021 credits at end-2025, a decline of more than \$6.00 per tCO₂e. The speed of the repricing suggests ratings are having a more immediate effect on market behavior than the gradual adjustments seen previously, with buyers becoming more selective and sellers adjusting expectations to clear supply.

Spot markets largely stable

Despite the VCS 2532 moves, other ARR project offers held broadly in line with recent weeks. Offers were seen for ARR Horizonte Carbon (VCS 3350) at \$10.50 per tCO₂e for 513,890 tCO₂e of vintage 2020 and \$12 per tCO₂e for 433,798 tCO₂e of vintage 2021.

For the Southern Paraguay Sustainable Afforestation Project (VCS 2556), offers were reported at \$11.65 per tCO₂e for 17,500 tCO₂e of vintage 2020 and \$11.75 per tCO₂e for 5,000 tCO₂e of vintage 2021.

In Uganda, 15,000 tCO₂e of vintage 2021 credits from OYU — Tenera Plantations by BIDCO (VCS 4900) were offered at \$15 per tCO₂e, while 25,000 tCO₂e of vintage 2021 credits from OYU — Reforesting Uganda for a better tomorrow (VCS 4888) were indicated at \$29 per tCO₂e.

In Mexico, credits from XiCO₂e (VCS 3342) were offered at \$15.55 per tCO₂e for 7,500 tCO₂e of vintage 2018, \$15.80 per tCO₂e for 7,500 tCO₂e of vintage 2019, \$16.05 per tCO₂e for 12,328 tCO₂e of vintage 2020 and \$16.30 per tCO₂e for 12,728 tCO₂e of vintage 2021.

Market participants continued to report wide price dispersion across projects with limited bid visibility in the secondary market.

ARR assessments
 (\$/tCO₂e)

	18-Mar	11-Mar	Change
ARR GS, Latin America, \$/tCO₂e	23.80	23.80	0.00
ARR VCS, Latin America, \$/tCO₂e	11.45	11.40	0.05
ARR VCS v19 differential, Latin America, \$/tCO ₂ e	-1.15	-1.00	-0.15
ARR VCS v20 differential, Latin America, \$/tCO ₂ e	-1.05	-0.70	-0.35
ARR VCS v21 differential, Latin America, \$/tCO ₂ e	-0.20	-0.20	0.00
ARR VCS native species differential, Latin America, \$/tCO ₂ e	7.00	7.00	0.00
ARR VCS single species differential, Latin America, \$/tCO ₂ e	-6.10	-6.10	0.00

Source: Fastmarkets

Retirements jump but remain concentrated

Retirements on the Verra registry totaled 513,291 tCO₂e in the week to Wednesday, rising sharply from 95,051 tCO₂e the prior week.

However, the bulk came from the Lumin/Eucapine Uruguay Forest Plantations project (VCS 960), where 422,395 tCO₂e of vintage 2020 credits were retired by unknown beneficiaries.

A further 75,000 tCO₂e of vintage 2024 credits were retired from the Improving Rural Livelihood through Agroforestry Practices in Punjab, India-I project (VCS 2552).

Retirements on the Gold Standard Registry rose to 31,501 tCO₂e from 974 tCO₂e the prior week, with 30,000 tCO₂e retired from the Vichada project (GS 4221) by Bain & Company for vintage 2024 credits.

Retirements remained driven by a limited number of large transactions rather than broad-based demand.

Premium for IFM removal rises in consistent year-end retirements

Prices for US improved forest management (IFM) removal credits ticked upward slightly in the week to Wednesday March 18 with Fastmarkets seeing stronger offers, while demand for avoidance credits remained muted.

Fastmarkets' weekly assessment of the price for IFM Removals, US, went up by \$0.15 per tCO₂e to \$17.75 per tCO₂e on Wednesday while the assessment for IFM Avoidance, US, was unchanged at \$10.10 per tCO₂e.

The premium for US IFM removals over avoidance credits was now \$7.65 per tCO₂e, the widest since Fastmarkets launched the assessments in December 2024.

In the secondary market, offers of recent-vintage IFM removal credits from the US were heard at \$19-21 per tCO₂e while avoidance credits from similar projects were offered at \$11-13 per tCO₂e.

Fastmarkets also heard offers of Mexican projects CAR 1710, XICO₂e Carbono Forestal Ejido Vencedores y Anexos, San Dimas, and CAR 1663, XICO₂e Carbono Forestal Ejido Pueblo Nuevo. Credits from vintage 2022 of CAR 1710 were offered at \$14.95 per tCO₂e, and credits from vintage 2023 of CAR 1663 were offered at \$15.15 per tCO₂e for 35,000 tCO₂e.

In February, Fastmarkets had heard offers of CCP-eligible vintage 2021-24 IFM removal credits at \$14.75 per tCO₂e (CAR 1664 and CAR 1661). Other CAR Mexican IFM credits from multiple projects had been offered at \$13-20 per tCO₂e in January depending on vintage, size and project rating.

Issuances on ACR were down by 49% to 73,697 tCO₂e, from vintage 2022-24 of ACR 720, Anew - Woodbury Forestry Project in Vermont. Of the issued volumes, 16,214 tCO₂e was transferred into the buffer pool. All remaining volume from vintage 2022 (181 tCO₂e), from 2023 (6,038 tCO₂e) and 2024 (6,053 tCO₂e) was tagged as verified removal on the registry.

Weekly retirements on ACR were up to 200,645 tCO₂e. Around 87% of the week's retirements were from three retirees:

- McKinsey & Co made retirements for its 2025

IFM assessments
 (\$/tCO₂e)

	18-Mar	11-Mar	Change
IFM Avoidance, US, \$/tCO₂e	10.10	10.10	0.00
IFM Removals, US, \$/tCO₂e	17.75	17.60	0.15

Source: Fastmarkets

emissions of 73,187 tCO₂e removal credits from ACR 587, Anew - North Maine Woods Forestry Project, US for vintage 2021 (59,237 tCO₂e) and 2022 (13,950 tCO₂e).

- TSMC Washington also retired 51,899 tCO₂e of avoidance credits from vintage 2021 of ACR 587 for offsetting its scope 1 emissions in 2025.

- Meanwhile, Range Resources Corp retired 50,250 tCO₂e avoidance credits for its 2025 emissions from three separate projects with vintages 2021-22.

Weekly retirements on Verra were down to 6,689 tCO₂e, of which 6,008 tCO₂e was retired from VCS 2609, Kuamut rainforest conservation project in Malaysia.

Equinor retired 5,000 tCO₂e of VCS 2609 credits from vintage 2022 to offset emissions associated with its employees' business flights outside Europe during 2025.

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

	18-Mar			Change
	Low	Mid	High	
REDD+ BeZero AA, \$/tCO ₂ e	11	11.75	12.5	▼ 0.25
REDD+ BeZero BBB, \$/tCO ₂ e	3.2	6.6	10	0.00
REDD+ BeZero BB, \$/tCO ₂ e	1.55	5.15	8.75	0.00
REDD+ BeZero B, \$/tCO ₂ e	1.9	2.9	3.9	0.00
REDD+ BeZero C, \$/tCO ₂ e	0.4	1.65	2.9	0.00
ARR BeZero BBB, \$/tCO ₂ e	40	42.5	45	0.00
ARR BeZero BB, \$/tCO ₂ e	23	29.5	36	0.00
ARR BeZero B, \$/tCO ₂ e	5	10.25	15.5	0.00
ARR BeZero C, \$/tCO ₂ e	2.5	6.88	11.25	▼ 1.12
IFM BeZero A, \$/tCO ₂ e	13.9	19.2	24.5	0.00
IFM BeZero BB, \$/tCO ₂ e	11.7	13.43	15.15	▼ 0.82
IFM BeZero B, \$/tCO ₂ e	9.25	11.5	13.75	0.00

Source: Fastmarkets

News
CORSIA supply crunch looms as host government bottlenecks slow African credit pipeline

Zimbabwe has become one of the first countries to apply corresponding adjustments to carbon credits under Article 6 of the Paris Agreement, but a decision on whether those credits will receive a CORSIA eligibility tag remains pending, speakers said during a webinar hosted by the Zimbabwe Carbon Association on March 5.

The development comes as concerns grow over whether enough CORSIA eligible emission units will be available when airlines move to meet their phase one compliance obligations, with demand expected to ramp up significantly in 2027 and early 2028.

The offsetting requirement for 2024 alone has been locked in at 55.6 million tonnes of CO₂ equivalent (tCO₂e) by ICAO, with aggregate demand for phase one covering 2024 to 2026 expected to exceed 200 million tonnes, according to the International Air Transport Association (IATA).

Meanwhile, latest demand forecasts from Fastmarkets Carbon Analytics estimate that demand would reach around 184 million tCO₂e in a base case scenario. Airlines have until January 2028 to procure and retire credits against their phase one obligations.

"The demand is there and it's been locked in," Yue Huang, assistant director of Climate Policy, Sustainability and Economics at IATA, said.

Supply is not keeping pace. Huang said the primary

bottleneck is the failure of host country governments to issue letters of authorization (LOAs) in a timely manner, a prerequisite for credits to receive CORSIA eligibility tags. Without LOAs, credits cannot receive the corresponding adjustments required under Article 6, which CORSIA relies on to prevent double counting. IATA has identified priority countries to approach and is working directly with host governments to accelerate the process, she added.

Insurance fills the gap, for now

Two pathways exist for credits to achieve CORSIA eligibility. Either host countries apply corresponding adjustments through their biennial transparency reports (BTRs) under the United Nations Framework Convention on Climate Change (UNFCCC), or an insurance backed route that bridges the gap between receiving an LOA and BTR submission.

Molly Brown, head of carbon strategy at cookstove developer Burn, described the insurance route as a critical but imperfect solution. In December, Burn issued the first CORSIA tagged credits through the insurance pathway, with support from Gold Standard and the Tanzanian government.

"Insurance is only really intended as a stop gap," Brown said. "We are going to need to start seeing countries getting their greenhouse gas inventories filed on time, getting the BTRs filed on time."

In theory, the gap that insurance needs to cover can be short. In practice, however, many governments are behind on their

UNFCCC reporting obligations, stretching the period insurance must cover and making the risk harder to price.

Brown said insurers are grappling with two distinct types of risk: administrative delay and political risk, where a change of government leads to a corresponding adjustment being intentionally withheld. The carbon insurance market is nascent and still working out how to price either, she noted.

The stakes are high because ICAO has asked Gold Standard and Verra to commit to replacement credits rather than financial reimbursement if a corresponding adjustment does not materialize, a requirement that falls ultimately on the project developer.

"If you are a small project and you are in one country only, you are really banking on that one country coming through and that could potentially present a risk," she said.

Zimbabwe's credits cleared, CORSIA tag still pending

Zimbabwe has opted to apply corresponding adjustments directly rather than rely on insurance. The country transferred 1.5 million credits from the Cicada clean cookstove project, issued under Gold Standard, to its national carbon registry. Zimbabwe then deducted 33% of the credits as part of its corresponding adjustment process. Of that, 30% went as a carbon levy directed to Zimbabwe's national climate fund, 2% to a national buffer account and 1% was retired toward Zimbabwe's NDC.

The remaining approximately one million credits have had corresponding adjustments

applied and transferred back to the Gold Standard registry with a corresponding adjustment label.

However, these credits are not yet tagged as CORSIA Phase 1 eligible because the granting of the corresponding adjustment outside of the Gold Standard registry is different to the registry's initial submission and approval from ICAO.

A decision from ICAO's Technical Advisory Body (TAB) on a material change request submitted by Gold Standard last year, covering Zimbabwe's registry arrangement, is expected later this month.

"There is no technical doubt that the arrangements in place meet all of CORSIA's fundamental requirements," Felix Mechnig-Giordano, chief executive officer of Terra Viva and Article 6 consultant to Zimbabwe's Ministry of Environment, Climate and Wildlife, said. "We are extremely confident of a positive outcome by the end of March."

Zimbabwe's framework is built on legislation rather than policy, and its registry runs on blockchain technology, which Mechnig-Giordano said makes double counting "almost impossible."

CORSIA and Article 6 pulling in different directions

Mechnig-Giordano identified a broader structural problem: CORSIA's rigid framework is poorly aligned with the more flexible architecture of Article 6, and there is no formal channel for host governments to engage directly with CORSIA's decision making bodies.

"There is no clear interface in terms of how governments, as they pursue Article 6, can fit into the CORSIA ecosystem," he said.

He argued that the market needs to move toward genuine inter registry transfers rather than mirroring models, pointing out that no major compliance program, including the EU, Australian or Swiss emissions trading systems, uses mirroring because of the integrity risks it creates.

Brown echoed the call for regional coordination, suggesting that carbon market associations across Africa could play a meaningful role in supporting governments, rather than leaving individual developers to lobby alone, but cautioned against conferences taking precedence over practical work.

"We need a lot more boots on the ground actually writing reports and cracking on," she said.

Whether Africa can convert its project pipeline into CORSIA eligible supply before the compliance deadline will depend less on the availability of credits and more on the speed at which governments can build the institutional capacity to authorize them.

Ghana raises biomass fNRB default to 35%, boosting cookstove crediting potential as Article 6 pipeline expands

Ghana's Carbon Market Office (CMO) has raised the national default fraction of non-renewable biomass (fNRB) value for biomass carbon market projects from 30% to 35%, effective Thursday March 12, a move that is likely to increase the crediting potential of cookstove and other biomass mitigation activities across the country's growing Article 6 pipeline, according to a public notice

published by the CMO on the same date.

The fNRB value determines what share of biomass used for cooking comes from non-renewable sources, directly affecting how many credits a cookstove project can generate. A higher value produces more credits per stove deployed, as it increases the baseline assumption of avoided deforestation. The update applies to all new biomass projects seeking authorization under Article 6.2 of the Paris Agreement, the Paris Agreement Crediting Mechanism (PACM), and the voluntary carbon market (VCM) and to existing authorized projects from their next monitoring period onward, the notice said.

The CMO said the update aligns with the draft methodological tool published by the Article 6.4 Methodological Expert Panel on fNRB, based on the Modeling Fuelwood Sustainability Scenarios model (MoFuSS), according to the notice. The draft tool has not yet been formally adopted under Article 6.4. The CMO was established under Ghana's Environmental Protection Act 2025, according to the notice.

The decision reflects a pattern emerging under Article 6, in which host countries are setting national baseline parameters for carbon market projects rather than deferring entirely to methodology developers or CDM tools.

Ghana has signed bilateral implementation agreements with Switzerland, Singapore and Sweden under Article 6.2 and is in negotiations with South Korea and Liechtenstein, according to UNEP Copenhagen Climate Center (CCC) Article 6 pipeline data. Ghana has 11 projects

associated with its Swiss bilateral agreement, several of which are cookstove programs, the data shows.

Two Korean-backed cookstove programs of activity have received host party approval and been registered under the PACM transition pipeline, which tracks projects moving from the Clean Development Mechanism to the new UN-supervised crediting mechanism under Article 6.4. The Man and Man Enterprise program (PoA 10430) and the EWP Ghana Improved Cookstove Project (PoA 10576), both using the AMS-II.G methodology for energy efficiency measures in thermal applications of non-renewable biomass together represents potential reductions of approximately 8.16 million tonnes of CO₂ equivalent (tCO₂e) across the 2021 to 2025 activity period, according to UNEP CCC pipeline data.

Ghana's prior consideration pipeline, which tracks projects that have signaled intent to move toward Article 6 authorization, includes an EKI Energy Services cookstove program of activity targeting 800,000 tCO₂e per year and a Newgas Cylinder Bottling LPG stoves project with projected total reductions of 2.57 million tCO₂e, according to UNEP CCC pipeline data.

The update has direct implications for the volume of credits flowing from Ghana into compliance markets. The two registered PoAs have letters of authorization targeting use under the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) and toward buyer country nationally determined contributions (NDCs), according to UNEP CCC data. Any increase in credit volumes from those

projects would feed directly into the CORSIA Phase 1 supply pool, where eligible spot credits were trading at \$15.90 per tCO₂e in the week to March 4, Fastmarkets previously reported.

fNRB values falling elsewhere in the market

The upward move comes as fNRB values have fallen sharply across the broader cookstove market. fNRB assumptions in cookstove projects have been widely scrutinized by researchers and ratings agencies for potentially overstating emissions reductions.

Proposed fNRB adjustments under PACM could reduce average values by nearly 33% compared with CDM-era calculations, cutting expected PACM issuances by over 79 million credits across the transition pipeline.

Myanmar revised its fNRB down to 0.36 and Nigeria to 0.38 under TOOL33, Fastmarkets had previously reported.

The ICVCM has restricted fNRB values for CCP-eligible projects to typically below 0.5, against a market average of 0.86 at the time it approved clean cookstove methodologies in March 2025.

Ghana's 0.35 default falls within that range. CCP eligibility and CORSIA compliance are, however, assessed at the project level, not the national default level, meaning individual projects will still face scrutiny from ratings agencies on their specific fNRB calculations, monitoring methodology and additionality claims before credits can access premium markets where CCP-tagged cookstove credits have traded at \$15 to \$18 per tCO₂e, Fastmarkets previously reported.

From a carbon market perspective, Ghana's decision increases the crediting potential

of biomass projects entering both voluntary and compliance markets at a time when other frameworks are moving to tighten baseline assumptions.

Adopted EU 2040 climate target introduces ambiguity to demand for Article 6-aligned credit

The European Council formally adopted amendments to the European climate law on Thursday March 5, introducing a binding 2040 interim climate target of a 90% reduction in net greenhouse gas (GHG) emissions from the 1990 baseline.

This was the final step in the legislative process. The amended regulation was currently awaiting publication in the official journal of the EU and will enter into force 20 days after its publication.

After this amendment comes into force, the EU will have three legally binding climate targets. These are: net reduction by at least 55% by 2030, net reduction of 90% by 2040; and net zero by 2050 compared with 1990 levels.

Additionally, at the COP30 summit in November 2025, the Council approved an updated Nationally Determined Contribution (NDC) that set the 2035 target at a net reduction by 66.25-72.50% compared with 1990.

The approved text was not materially different from what was proposed by the European Parliament in November 2025. There are flexibilities afforded in the use of high-quality international credits up to a limit of 5% of 1990 EU net emissions, from the Paris Agreement, aligned with mitigation activities in partner countries.

In effect, this puts the EU's 2040 target for domestically achieved emission reductions at 85%.

Additionally, the amendments require that EU-based permanent carbon removal credits (CDR) will be considered to compensate for hard-to-abate residual emissions under the EU emissions trading system (EU ETS).

The amendment also requires that these incentives should say that domestic CDRs within the EU ETS system will be developed as part of the review of the ETS directive, expected in July 2026.

Incidentally, UK government last year announced integration of domestic CDR credits into the UK's own ETS starting from 2029.

Another highlight from the amendments was a delaying of the ETS 2 operational phase from 2027 to 2028.

Interpretation of the text and its implication for the demand of allowed Article 6 aligned credits is debated in the market.

The adopted amendment requires "from 2036, an adequate contribution toward the 2040 climate target of high-quality international credits under Article 6 of the Paris Agreement of up to 5% of 1990 Union net emissions."

This was less difficult than the proposed text from November 2025, which required "permanent high-quality international credits under Article 6(4) of... up to 3% of 1990 EU net emissions cumulatively over the 2036-40 period." This had a more conservative percentage of allowable credits at 3% of EU baseline net emissions.

A tale of two interpretations

There was lack of clarity concerning the timeframes and

types of accounting for the 5% of allowed high quality Article 6 aligned credits, and the demand could be understood to vary between 236 million tCO₂e and 724 million tCO₂e over the period 2036-40, based on interpretation.

Data published by the European Environment Agency indicated that the EU's baseline 1990 net emissions was 4,726 million tCO₂e. In one interpretation, which aligns with the initially proposed text, the amendment allows for 236 million tCO₂e (5% of 1990 levels) of Article 6 credits under the EU climate target for cumulative usage between 2036 and 2040.

But a report published on March 2 in German by the NewClimate Institute, a non-profit think-tank working on climate policy, presented another interpretation.

It said that the EU will gradually increase the use of Article 6 aligned credits between 2036 and 2040, to 5% from 0%. This would mean that the annual demand for allowable credits would, linearly peaking in 2040, and would be capped at 5% of the 1990 net emissions, rather than the cumulative allowable volume being 236 million tCO₂e.

Fastmarkets' analytics team has estimated that demand for Article 6 aligned credits from the EU will reach 116-232 million tCO₂e by 2040.

According to the report, demand for Article 6 credits under the EU 2040 climate target will follow a trajectory shown in the graph above, with the total allowable credits as reported by NewClimate Institute for 2036-40 at approximately 724 million tCO₂e.

All eyes on the 2031-35 pilot period

The amendment said that 2031-35 would be treated as a pilot period,

before which guidelines will be put in place governing the origin, quality criteria and other conditions concerning the credits. The guidelines, where appropriate, will align with the criteria laid down under Article 6.4 of the Paris Agreement to ensure robust co-benefits, and have will have an ambitious share of proceeds for adaptation and the sharing of mitigation benefits with host countries.

Market participants expected that these guidelines would also shed light on the accounting of allowable offsets annually, thus providing clarity on the final demand numbers.

There were a few concerns regarding whether to allow Article 6 aligned credits under EU climate targets, the principle being that it would reduce the amount of decarbonization domestically achieved by the EU - 85% versus 90% on 1990 levels.

Though the market was still waiting for guidance, the proposed text from November 2025 indicated that the EU would favor permanent removal credits from Article 6.4 (also known as Paris agreement crediting mechanism).

The emphasis by the European Parliament on robust safeguards and no double-counting also indicated that the approved credits would require corresponding adjustment from host countries.

Because PACM is in the early stage of being made operational, with only one approved methodology (flaring of landfill gas), and first issuances approved for a cookstove project transitioning from CDM, the market could expect a slow trickle of eligible supply over the pilot period.

Eligible credits could also come out of Article 6.2 bilateral cooperations, however the NewClimate report pointed out that these credits are issued under limited oversight, unlike harmonized international standards, and as a result “the integrity of the certificates is not guaranteed.”

There were also considerations raised around what would happen after 2040 when the use of carbon credits will no longer be allowed. The report suggested that approximately 256 million tCO₂e of additional intra-European reductions would be required in 2041, and that if these deferred reductions could not be fully achieved within Europe after 2040, the EU climate targets could be missed.

Chile advances Article 6 framework with new rules on mitigation activity authorization

Chile has moved forward with the implementation of its international carbon market framework, after publishing new technical rules governing mitigation activities eligible under Article 6 of the Paris Agreement on Tuesday March 10.

The Ministry of Environment formalized the measures, a development expected to influence project development strategies and investment flows, through Resolution Exenta No. 1,185, made public in the official gazette on Tuesday.

The regulation establishes a list of priority and non-eligible mitigation activity types that may be authorized to generate internationally transferred mitigation outcomes (ITMOs), offering clearer direction for both

domestic project developers and potential international buyers.

According to the resolution, the identification of priority mitigation activities aims to ensure consistency with Chile’s nationally determined contribution (NDC), while providing a framework for the authorization of internationally transferred mitigation outcomes under Article 6.

“The identification of priority mitigation activities seeks to ensure consistency with national climate objectives and the fulfilment of Chile’s nationally determined contribution,” the government said.

The rules cover a wide range of sectors, including forestry, energy, transport, mining, agriculture, housing and public infrastructure. The publication adds regulatory detail for developers and potential buyers assessing Chile’s pipeline of mitigation activities eligible for international credit transfers.

The list of mitigation activity types, according to the resolution, was based on a recommendation issued by Chile’s Article 6 National Committee following a meeting held in late January 2026.

The measure also establishes criteria intended to guide the development and authorization of mitigation activities consistent with Chile’s climate policy priorities.

Chile moves forward

The update comes as Chile advances one of the most developed institutional architectures for climate policy in Latin America, sources said.

The country already operates a suite of carbon pricing instruments, including a green tax and emissions compensation mechanisms, and is now working

to integrate these tools with opportunities for international cooperation and climate finance mobilization.

Government planning indicates that implementation of the 2026 roadmap for carbon pricing instruments and carbon markets seeks to align domestic climate policy with global carbon market dynamics, strengthening investor confidence and supporting the scale-up of mitigation projects.

Cercarbono updates REDD+ methodology to align project baselines with UNFCCC reporting

Colombia-based carbon crediting standard Cercarbono has published an updated methodology for Reducing Emissions from Deforestation and Forest Degradation (REDD+) projects aimed at aligning project-level baselines with national forest emissions data reported under the UN Framework Convention on Climate Change (UNFCCC), a move that could influence supply dynamics in the voluntary carbon market (VCM) and support future Article 6.2 transactions.

The revised methodology, released on Sunday March 8, seeks to anchor project accounting in the same forest reference emission levels (FRELs) used by governments in their official climate reporting.

By linking project baselines to nationally determined datasets, the framework is intended to reduce inconsistencies between project-based credit issuance and jurisdictional mitigation accounting, an issue that has faced growing scrutiny from buyers and regulators.

In a statement accompanying the

update, the standard said the methodology was designed to be “consistent with national reference levels and aligned with international reporting frameworks,” adding that the approach could help facilitate the use of credits in both voluntary corporate markets and bilateral cooperation under the Paris Agreement.

The methodology also sets out requirements related to project boundary definition, monitoring procedures, leakage management and safeguards, as well as provisions for integrating projects within broader jurisdictional REDD+ programs.

The document notes that alignment with national reporting structures is intended to support transparency and facilitate the potential recognition of mitigation outcomes in international cooperation mechanisms under the Paris Agreement.

Cercarbono had previously opened a public consultation on proposed updates to its REDD+ methodology, stating that revisions were aimed at reinforcing integrity safeguards and strengthening international alignment.

The document also states that projects registered with Cercarbono that are still in the formulation or public consultation stages of development are expected to adopt the updated methodology.

California to consider carbon market amendments; IETA notes potential for firmer price trajectory

The state of California is reviewing potential changes to its Cap-and-Invest program after the California

Air Resources Board (CARB) launched a formal rulemaking process in January — with the public consultation period closing on March 9 — signaling a new phase of regulatory scrutiny in the carbon market.

The consultation focuses on possible adjustments to program design, including compliance flexibility, allowance supply and long-term emissions reduction trajectories.

Under current rules, regulated entities can use a limited share of carbon offset credits to meet compliance obligations.

The quantitative usage limit rises to 6% of covered emissions from 2026 onward, up from 4% during the 2021-2025 compliance period — a change likely to influence procurement strategies and demand for eligible credits.

But companies have historically been below the credit cap — in the 2013-2020 period, when the cap was 8%, average use was 6.3%, while in 2022 the average stood at 3.1%.

The review comes as California evaluates how to better align its carbon market with the state’s statutory net-zero target.

Authorities have already extended the program’s policy horizon to 2045 and are assessing potential adjustments to the emissions cap trajectory, including options that could further tighten allowance supply over time.

The International Emissions Trading Association (IETA) published the comments it submitted to CARB on March 9, stating that California’s emissions trading system has become a central component of the state’s climate framework, providing a “long-term and predictable

carbon pricing signal” for covered sectors.

The association noted that strengthening the cap trajectory could enhance market confidence and support investment planning, while maintaining environmental integrity.

The organization also highlighted the importance of the program’s institutional price containment design, including allowance reserve tiers and a price ceiling mechanism, which it said help “balance cost containment with sustained incentives for emissions reductions.”

According to the submission, these features contribute to greater market stability compared with less-regulated carbon credit markets.

IETA further pointed to ongoing policy discussions around the role of offset credits and the potential integration of carbon removal activities in the future, describing these debates as part of a broader effort to ensure the system “continues to evolve in line with California’s climate ambition.”

California’s carbon market remains linked to the emissions trading system of the Canadian province of Quebec, forming the largest integrated carbon trading system in North America.

The two jurisdictions held another joint allowance auction in February, maintaining coordinated market operations and supporting cross-border liquidity.

Brazil’s climate plan prioritizes forests, positions ETS as policy tool

Brazil reinforced the central role of forest conservation in its emissions-

reduction strategy with the release of its updated Plano Clima on Monday March 16, according to an official government statement, as policymakers continue laying the groundwork for a national emissions trading system (ETS).

Environment and Climate Change Minister Marina Silva said the plan is intended to guide the implementation of public policies to address climate change and to coordinate mitigation and adaptation measures across sectors.

The framework will guide Brazil's climate policy through 2035 and underpin the country's goal of cutting net greenhouse gas emissions by 59–67% from 2005 levels.

Land use measures, particularly efforts to curb deforestation and promote sustainable land use, are expected to deliver a significant share of emissions reductions in the near term, reflecting the structural importance of forests in Brazil's mitigation pathway.

The government statement also notes that economic instruments will play a role in implementing climate policy, including mechanisms aimed at regulating greenhouse gas emissions.

In this context, authorities reiterated that the development of a national emissions trading system is part of the broader policy framework designed to support mitigation efforts and improve coordination of climate actions across sectors.

The plan highlights the role of market based tools in supporting decarbonization and mobilizing financial resources for climate action.

Officials said initial implementation efforts will focus

on governance arrangements and regulatory design, including the establishment of technical bodies and sectoral rules required to operate such mechanisms.

EU signals steep capital needs as ETS-driven decarbonization reshapes markets: European Commission

The European Union will need to mobilize hundreds of billions of euros in additional annual investment over the coming decades to support emissions reductions and reinforce the economic signals underpinning its carbon-pricing framework, according to a Clean Energy Investment Strategy released by the European Commission on March 10.

The strategy estimates that delivering the bloc's climate and energy targets will require around €660 billion in annual energy-related investment through 2030, rising to approximately €695 billion per year between 2031 and 2040, reflecting the scale of capital mobilization needed across power systems, infrastructure and industrial decarbonization.

The European Investment Bank (EIB) Group intends to deliver over €75 billion of financing over the next 3 years to support the objectives of the energy transition and this Clean Energy Investment Strategy.

According to the communication, carbon pricing, in particular through the EU Emissions Trading System (EU ETS), plays a central role in guiding investment decisions by creating long-term price signals that incentivize emissions reductions and low-carbon technology deployment.

The document notes that strengthening investment conditions will be critical to ensure that these price signals translate into tangible decarbonization outcomes.

The Commission emphasizes that public funding alone will not be sufficient to meet the investment needs associated with the transition. Instead, policy frameworks must help mobilize substantially larger volumes of private capital, with public financial instruments expected to play a catalytic role by reducing project risk, improving access to finance and supporting market confidence.

Investment priorities identified in the strategy include electricity grid expansion, renewable energy deployment, electrification of end-use sectors, energy efficiency improvements and the development of low-carbon fuels, all of which are described as essential to achieving EU climate objectives and strengthening the energy system resilience.

The document also highlights the importance of aligning financial frameworks with broader climate policy tools designed to prevent carbon leakage and support the decarbonization of energy-intensive industries, underscoring the need for a coherent policy mix combining carbon pricing, regulatory measures and targeted financial support.

The Commission said that accelerating investment in clean energy infrastructure and technologies will be necessary not only to meet emissions-reduction targets but also to enhance the competitiveness and security of the European energy system as the transition progresses.

EU's ETS remains 'proven instrument' for transformation, despite heightened geopolitical tensions, rising gas prices

Ursula von der Leyen, President of the European Commission, has said that the EU's Emissions Trading System (ETS) remains a "proven instrument for industrial transformation" despite heightened geopolitical tensions and rising gas prices, according to a letter seen by Fastmarkets.

In preparation for this week's European Council meeting, von der Leyen sent a letter to EU leaders on Monday March 16 outlining the priorities for discussions. In it, she emphasized that the meeting was occurring against a backdrop of "seismic external shocks having a profound internal effect for Europe."

Escalating tensions in the Middle East have caused "severe geopolitical and geo-economic repercussions for Europe" and that the most pressing from a "competitiveness and independence perspective is energy, in particular oil and gas," von der Leyen said.

She noted that, since 2021, the EU has made significant progress in diversifying its energy supply and increasing its renewable energy capacity, with renewables and nuclear power now accounting for around 70% of Europe's electricity sources. She emphasised that "at present, the physical security of supply of the EU is assured, but the increase of fossil fuel prices is already weighing on the economy."

Several measures to alleviate the various pressures were announced, including the release of strategic oil stocks, but von der Leyen noted that "any

short-term measures do not delay the decarbonization of the energy system, do not increase the demand for oil and gas, are temporary and targeted, and minimize fiscal costs."

Von der Leyen called out key lessons from the 2022-23 energy crisis following Russia's invasion of Ukraine, describing measures brought in at the time as "broad and untargeted, leading to inefficiencies and very large fiscal costs."

Consequently, the ETS was still an essential part of protecting Europe's competitiveness, even while energy prices rise. Since 2005, she said, the ETS has allowed Europe to cut gas use by 100 billion cubic meters (bcm) which has "shielded customers from high gas prices."

To allow the ETS to continue to adapt to the future, the European Commission was set to adopt new ETS benchmarks "shortly," after taking into account concerns raised by the industry.

It will also propose to "increase the firepower" of the Market Stability Reserve (MSR) - a surplus of EU allowances that has built up in the ETS since 2009. The surplus allows the EU to rebalance supply-and-demand in the ETS, manage volatility and keep prices "in check" in the short term.

Von der Leyen also said that the Commission was accelerating its work on the upcoming ETS revision and will "set a more realistic decarbonization strategy beyond 2030."

In addition, the Commission will fast-track support to energy-intensive industries, financed through ETS allowances, and will focus on lower-income Member

States first.

Policy uncertainty over the ETS and potential revisions have weighed on pricing, with ICE EUA December 2026 futures dropping to €69 per tCO₂e on March 16, from a high of €92.24 per tCO₂e in mid-January.

Calls to protect ETS

The prime ministers of Denmark, Finland, Portugal, Spain and Sweden have joined the call to protect the EU's ETS and reaffirmed their commitment to climate goals. This came with a growing number of Member States publicly opposing the ETS recently, prompting speculation around upcoming reform.

But on March 12, Denmark, Finland, Portugal, Spain and Sweden published an open letter defending the ETS as the most "effective and efficient instrument for reducing emissions and guiding investment."

They said that "attempts to weaken, suspend or narrow the ETS would undermine investor confidence, penalize early movers, distort the level playing field, and slow the transformation of our economies."

"The upcoming European Council [meeting] provides a crucial opportunity to reaffirm our collective commitment to climate ambitions and to the instruments that make it possible," they added. "A strong, predictable and integrated climate energy framework, anchored in a robust ETS and combined with our competitiveness efforts, is essential for Europe's future."

This came after more than 100 European industry leaders signed an open letter on March 9 backing the ETS as a

"competitive engine" for the trading bloc and a "cornerstone of the EU's decarbonization" program.

But others have recently been vocal in their opposition to the policy, with the ministers of industry in Austria, Croatia, the Czech Republic, France, Germany, Italy, Luxembourg, Poland, Portugal, Romania,

Slovakia, Slovenia and Spain issuing a joint statement calling for ETS revisions.

The ministers requested an ETS that will enhance "EU competitiveness by ensuring an effective price signal, predictability, market stability and protection against excessive price volatility, together with a pragmatic approach to free

allocation that fosters investments in climate-friendly technologies and provides robust safeguards against carbon leakage."

In addition, Italy's minister for enterprise, Adolfo Urso, sought a "substantial, organic revision" of the ETS during the European Commission's Competitiveness Summit on February 26.