Framework:
What & How

New Market Mechanisms Task Force
CEPS Carbon Market Forum
Brussels, July 5th, 2012

Andrei Marcu
Head, CEPS Carbon Market Forum
Assumptions

1. International CC agreement that require compliance
   a. KP now
   b. ADP in the future
   c. No AAUs
   d. Pledges/commitments and proof of compliance at end of period

2. Development of SCM and STM through UNFCCC

3. Development of OTHER market mechanisms for
   a. Domestic use
   b. International use
   c. With linkages

4. Trading between trading systems
Over sight body

STM

SCM

bilateral

Sub national TS

Other market approaches

offset

Good for UNFCCC compliance

√

√
Two VALUES being set

- **Environmental value** (how many tons for compliance). Set by those that accept it for compliance

- **Monetary value**. Set by the marketplace
  - Supply/demand
  - Liquidity
  - Environmental value
Units can be used for

- Trading
  - Domestically
  - Internationally

- Compliance
  - Domestic
  - Bilateral recognition
  - Limited multilateral
  - International