

About EMA

The Environmental Markets Association

EMA is a 25-year-old 501(c)(6) not-for-profit trade association representing the interests of members that are involved in the trading, legislation and regulation of environmental attribute markets.

Our Mission

EMA's mission is to promote open, competitive, and tradeable environmental commodity markets and market-based solutions as a long-term, sustainable solution to solve environmental challenges.

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EMA | Environmental
Markets Association

www.enviromarkets.org

The Ambition of Carbon Markets

MIT Sustainability Summit 2023

De-mystifying Carbon Markets

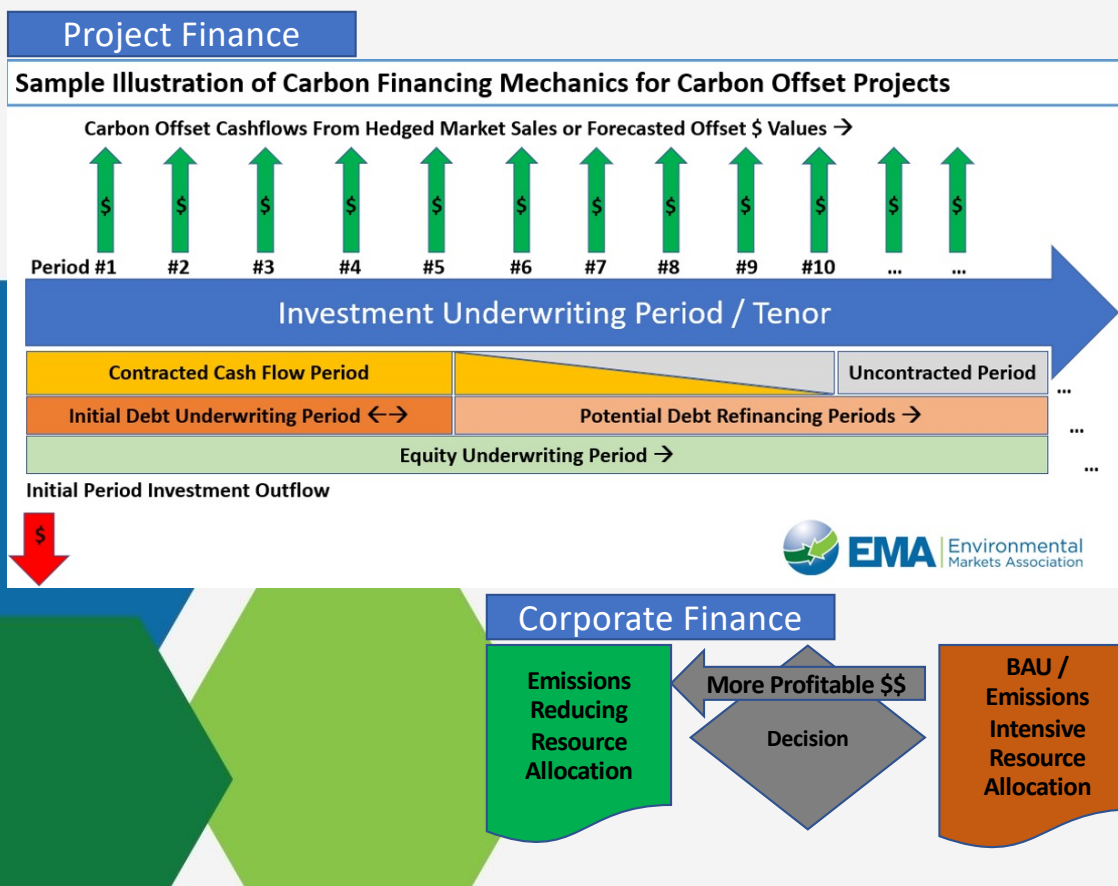
April 28, 2023



Carbon Offsets and Carbon Allowances

Environmental Commodities for Monetizing Emission Reductions from Projects and Organizational Decisions

Carbon “Currency” Unit:
1x Credit = 1x Ton of CO₂e

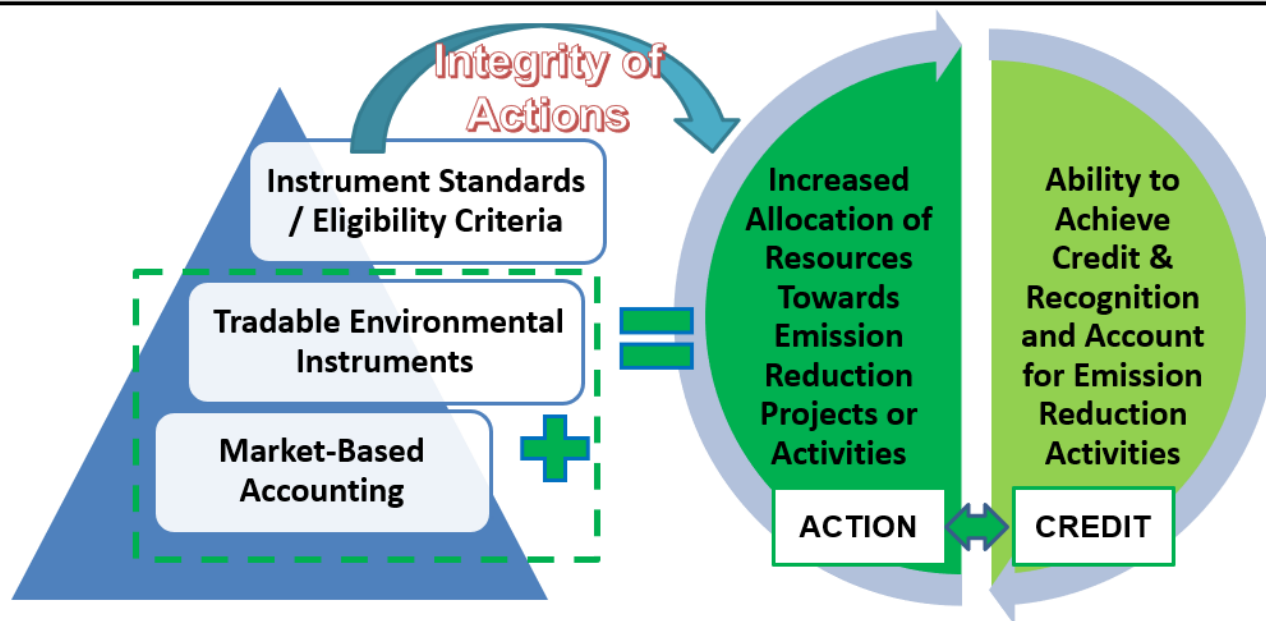


- ❖ **Carbon Offsets:**
Environmental credits issued to projects that reduce, avoid, sequester, or remove carbon from the atmosphere relative to an emissions baseline.
- ❖ **Carbon Allowances:**
Legal permits issued by emissions trading (cap-and-trade) programs that allow obligated entities to emit CO₂e according to an emissions cap that declines overtime.

The Importance of Market-Based Accounting and Tradeable Environmental Instruments for Climate Action

“Market-Based Accounting is foundational to the continued acceleration of investment in renewable energy and emission reduction projects & activities.”

Market-Based Accounting combined with the use of Tradeable Environmental Instruments Is Essential to Facilitating and Encouraging Climate Action



Market-Based Accounting: Methodologies and protocols that allow an entity to report greenhouse gas emissions based on contractual purchases.

Tradable Environmental Instruments: Defined and standardized market-based instruments / environmental commodities that enable the issuance, transfer, and retirement of environmental attributes through electronic environmental registries (e.g., 1 ton of CO₂e = 1 carbon offset or 1 carbon allowance).

Instrument Standards / Eligibility Criteria: Standard-setting bodies and/or regulatory agencies that issue rules and set the eligibility criteria for instrument use in various programs and enforce monitoring, reporting, and verification of instruments to ensure environmental integrity (e.g., no double counting) behind purchases and claims.

Carbon Pricing Map: Emissions Trading Programs and Carbon Taxes

[WHO WE ARE](#)[WHAT WE DO](#)[WHERE WE WORK](#)[UNDERSTANDING POVERTY](#)[WORK WITH US](#)

What we Do / Data / Carbon Pricing Dashboard

Carbon Pricing Dashboard

[HOME](#)[ABOUT](#)[ETS & CARBON TAXES](#)[CARBON CREDITING](#)[WHAT IS CARBON PRICING?](#)[RESOURCES](#)

KEY STATISTICS ON REGIONAL, NATIONAL AND SUBNATIONAL CARBON PRICING INITIATIVE(S)

70

Carbon Pricing initiatives implemented

47

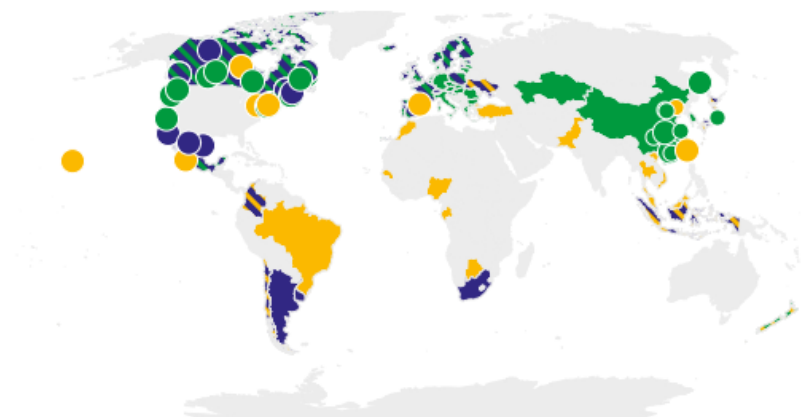
National Jurisdictions are covered by the initiatives selected

36

Subnational Jurisdictions are covered by the initiatives selected

In 2022, these initiatives would cover
11.86 GtCO₂e, representing **23.17%** of
global GHG emissions

Summary map of regional, national and subnational carbon pricing initiatives

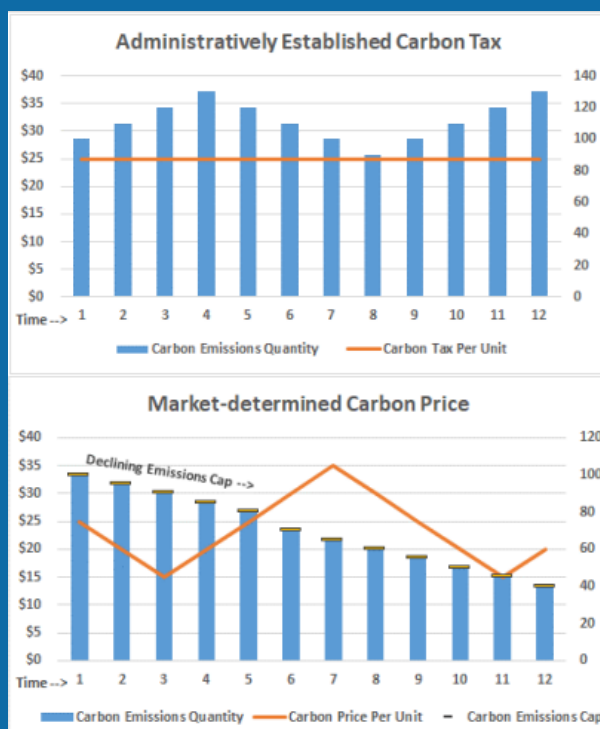


● ETS implemented or scheduled for implementation
● ETS or carbon tax under consideration
● ETS implemented or scheduled, ETS or carbon tax under c...

● Carbon tax implemented or scheduled for implementation
● ETS and carbon tax implemented or scheduled
● Carbon tax implemented or scheduled, ETS under consider...

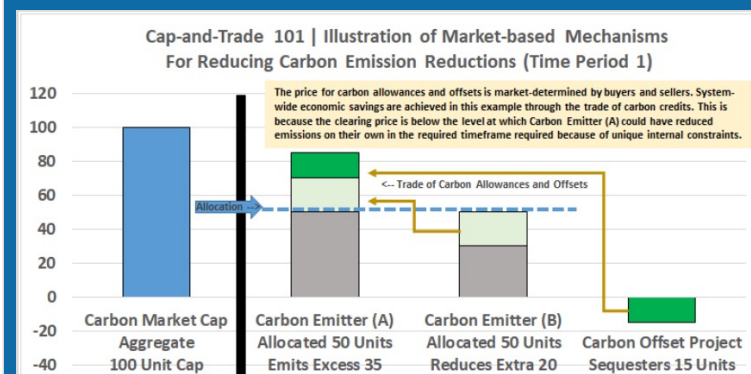
Carbon Pricing and the Advantages of Carbon Markets

- I. CARBON MARKETS ENSURE EMISSION REDUCTIONS WHEREAS CARBON TAXES DO NOT
- II. CARBON TAXES WILL ALWAYS BE SET INCORRECTLY BECAUSE OF LIMITED INFORMATION COMPARED TO MARKET-DETERMINED PRICING
- III. CARBON MARKETS CREATE COMPLIANCE FLEXIBILITY THAT ENABLES MARKET EFFICIENCY AND COST-EFFECTIVENESS
- IV. CARBON MARKETS CREATE PROFIT INCENTIVES THAT PROMOTE ECONOMIC INNOVATION AND GROWTH
- V. CARBON MARKETS GENERATE POLICY ROBUSTNESS BY FOSTERING STAKEHOLDER ENGAGEMENT AND EQUILIBRATING TO REAL WORLD CONDITIONS



EMA Position Paper: Carbon Taxes vs. Carbon Markets: Why well-designed carbon markets are a superior environmental and economic policy for reducing carbon emissions.

(<https://www.enviromarkets.org/carbontaxvcarbonmarkets>)



Recommended Principles for Market-Based Solutions

1. Tradeable Products
2. Market-Based Pricing
3. Market Design that Fosters Transparency, Competition, and Liquidity
4. Market Oversight
5. Market Integrity and Stability



**EMA Market Principles
Resources:**

<https://www.enviromarkets.org/MarketPrinciples>

Why Care About Open, Competitive, and Tradeable Carbon Markets?

Open – Equitable and non-discriminatory access to incentives. Program design that creates inclusivity and harnesses the potential of all market participants / actors.

Competitive – Consumer and producer choice that empowers flexible emission reduction strategies, fosters innovation, and promotes cost-effective reductions through the assumption of risk and reward outcomes by private investors that simultaneously achieves public policy goals.

Tradeable – Floating price and investment signals determined by and adjusting to real-world circumstances. Wider collaboration from a greater set of market participants working together to solve climate change through the efficient allocation of capital and resources.



EMA Market Principles Resources:

<https://www.enviromarkets.org/MarketPrinciples>