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## Notices

### 13th Annual OPIS LCFS & Carbon Markets Workshop

The 13th Annual OPIS LCFS & Carbon Markets Workshop is dedicated to delving into the impact of clean fuel regulations on the transportation industry. From January 14–16, 2024 in San Diego, participants can look forward to gaining valuable insights into the latest developments in LCFS and cap-and-trade initiatives, with a special focus on the carbon markets of the West Coast.

Join your colleagues in San Diego - register now! <https://www.opisnet.com/lcfs-and-carbon-markets-workshop/register/>

## Spotlight Data

### Spotlight Forestry Credits Averages (US\$/mt)

Product	Vintage	Price	Change	MTD	30-Day
REDD+	V25	12.125	0.000	12.125	12.125
Blue	V25	28.242	0.000	28.242	28.837
ARR	V25	24.593	0.000	24.593	24.593

### Spotlight CORSIA Eligible Offsets (US\$/mt)

Product	Price	Change	MTD	Wk. Avg.
CEO	0.160	-0.015	0.158	0.159

### Spotlight Core Carbon Credits (US\$/mt)

Product	Price	Change	MTD	Wk. Avg.
CCP	9.200	-0.010	9.194	9.198

### Spotlight Carbon Neutral Fuels Index

Product	\$/gal		\$/bbl		\$/mt	
	Price	Change	Price	Change	Price	Change
CNFI Butane	0.060	0.000	2.585	-0.005	27.900	-0.035
CNFI Diesel No 2	0.095	0.000	3.955	-0.005	29.475	-0.030
CNFI Gasoline	0.080	0.000	3.405	0.000	28.355	-0.030
CNFI Heavy Fuel Oil	0.110	0.000	4.645	-0.005	29.705	-0.035
CNFI Jet Fuel	0.090	0.000	3.720	-0.005	29.265	-0.030
CNFI Light Fuel Oil	0.100	0.000	4.325	-0.005	28.990	-0.035
CNFI Propane	0.050	0.000	2.225	0.000	27.580	-0.030

## Voluntary Carbon Market Analysis

Jeremy Rakes

Forestry credit assessments inched higher to start the week amid stronger electronic markets on Monday.

OPIS REDD+ Retro through V20 assessments were up 1ct/mt across all three tiers.

In OTC markets, no trades were heard. Offers for an Africa-based REDD+ project were heard at 50cts/mt for V18 credits; 70cts/mt for V19 credits and 75cts/mt for V20 credits. The V20 credits were bid at 20cts/mt. A V20-21 strip of credits from a separate Africa-based REDD+ project were heard offered \$4.50/mt, and V18 credits from a third Africa-based REDD+ project were heard offered at \$4.80/mt.

V20 credits from an Asia-based REDD+ project were heard offered at 75cts/mt, and a strip of V14-V18 credits for a separate Asia-based REDD+ were heard offered at 50cts/mt.

Credits from a third Asia-based REDD+ project were heard offered ranging from \$3.70/mt for V17 credits to \$5/mt for V20 credits, and credits from a fourth Asia-

based REDD+ project were heard offered ranging from \$1/mt for V15 credits to \$6.15/mt for V21 credits. A bid for the fourth Asia-based project was also heard at \$3/mt for V19 credits.

V18 credits from a Latin America-based REDD+ project were heard offered at \$1.25/mt, and V19 credits from the same project were heard offered at \$1.90/mt. V19 credits from a second Latin America-based project were heard offered at 80cts/mt.

In Blue Carbon, V20 and V21 credits from a project in Asia were heard offered at \$26.85/mt and \$27/mt, respectively.

All bids and offers were rangebound.

In electronic futures markets, the CME N-GE0 December 2025 contract traded between 46cts/mt and 55cts/mt. The low ends of the OPIS REDD+ Retro through V20 assessment ranges increased 2cts/mt to 46cts/mt.

The CORSIA Pilot Phase-eligible CME GEO December 2025 contract traded at 15cts/mt and 17cts/mt. The trades set the low and high ends of the OPIS CEO range, respectively, and brought the mean down 1.5cts to 16cts/mt.

In CORSIA Phase 1 markets, the December 2025 ICE CORSIA Eligible Emissions Units futures contract was bid at \$13/mt and offered at \$15/mt. The December 2026 and 2027 contracts were bid at \$10/mt and \$6/mt, respectively, and offered at \$15.50/mt and \$18/mt, respectively.

## Voluntary REDD+ Credits [US\$/mt]

### REDD+ Tier 1 Volume: 350k+

Product	Vintage	Low	High	Average	Change	Wk. Avg.	MTD
REDD+	Retro	0.46	2.25	1.355	0.010	1.340	1.329
REDD+	V17	0.46	6.75	3.605	0.010	3.590	3.579
REDD+	V18	0.46	7.50	3.980	0.010	3.965	3.954
REDD+	V19	0.46	9.25	4.855	0.010	4.840	4.829
REDD+	V20	0.46	9.75	5.105	0.010	5.098	5.113
REDD+	V21	3.50	10.25	6.875	0.000	6.875	6.938
REDD+	V22	4.50	12.25	8.375	0.000	8.375	8.375
REDD+	V23	5.00	15.00	10.000	0.000	10.000	10.000
REDD+	V24	5.50	15.50	10.500	0.000	10.500	10.500
REDD+	V25	6.00	16.00	11.000	0.000	11.000	11.000
REDD+	V26	6.50	16.50	11.500	0.000	11.500	11.500
REDD+	V27	7.00	17.00	12.000	0.000	12.000	12.000
REDD+	V28	7.50	17.50	12.500	0.000	12.500	12.500

### REDD+ Tier 2 Volume: 50k-349k

Product	Vintage	Low	High	Average	Change	Wk. Avg.	MTD
REDD+	Retro	0.46	4.00	2.230	0.010	2.215	2.204
REDD+	V17	0.46	8.50	4.480	0.010	4.465	4.454
REDD+	V18	0.46	9.00	4.730	0.010	4.715	4.704
REDD+	V19	0.46	11.00	5.730	0.010	5.715	5.704
REDD+	V20	0.46	11.50	5.980	0.010	5.973	5.988
REDD+	V21	4.25	12.00	8.125	0.000	8.125	8.188
REDD+	V22	5.25	14.00	9.625	0.000	9.625	9.625
REDD+	V23	5.75	16.75	11.250	0.000	11.250	11.250
REDD+	V24	6.25	17.25	11.750	0.000	11.750	11.750
REDD+	V25	6.75	17.75	12.250	0.000	12.250	12.250
REDD+	V26	7.25	18.25	12.750	0.000	12.750	12.750
REDD+	V27	7.75	18.75	13.250	0.000	13.250	13.250
REDD+	V28	8.25	19.25	13.750	0.000	13.750	13.750

### REDD+ Tier 3 Volume: 2k-49k

Product	Vintage	Low	High	Average	Change	Wk. Avg.	MTD
REDD+	Retro	0.46	5.50	2.980	0.010	2.965	2.954
REDD+	V17	0.46	10.00	5.230	0.010	5.215	5.204
REDD+	V18	0.46	10.50	5.480	0.010	5.465	5.454
REDD+	V19	0.46	12.50	6.480	0.010	6.465	6.454
REDD+	V20	0.46	13.00	6.730	0.010	6.723	6.738
REDD+	V21	4.50	13.50	9.000	0.000	9.000	9.063
REDD+	V22	5.50	15.50	10.500	0.000	10.500	10.500
REDD+	V23	6.00	18.25	12.125	0.000	12.125	12.125
REDD+	V24	6.50	18.75	12.625	0.000	12.625	12.625
REDD+	V25	7.00	19.25	13.125	0.000	13.125	13.125
REDD+	V26	7.50	19.75	13.625	0.000	13.625	13.625
REDD+	V27	8.00	20.25	14.125	0.000	14.125	14.125
REDD+	V28	8.50	20.75	14.625	0.000	14.625	14.625

## Blue Carbon Credits [US\$/mt]

### Blue Tier 1 Volume: 350k+

Product	Vintage	Low	High	Average	Change	Wk. Avg.	MTD
Blue	Retro	16.76	17.45	17.105	0.000	17.105	17.105
Blue	V17	21.29	21.79	21.540	0.000	21.540	21.540
Blue	V18	22.75	23.75	23.250	0.000	23.250	23.250
Blue	V19	23.50	24.25	23.875	0.000	23.875	23.875
Blue	V20	24.10	24.85	24.475	0.000	24.475	24.475
Blue	V21	24.25	25.00	24.625	0.000	24.625	24.625
Blue	V22	24.75	25.50	25.125	0.000	25.125	25.125
Blue	V23	25.65	26.25	25.950	0.000	25.950	25.950
Blue	V24	26.25	27.00	26.625	0.000	26.625	26.625
Blue	V25	27.00	27.75	27.375	0.000	27.375	27.375
Blue	V26	27.60	28.50	28.050	0.000	28.050	28.050
Blue	V27	28.10	29.25	28.675	0.000	28.675	28.675
Blue	V28	28.60	29.75	29.175	0.000	29.175	29.175

### Blue Tier 2 Volume: 50k-349k

Product	Vintage	Low	High	Average	Change	Wk. Avg.	MTD
Blue	Retro	16.89	19.20	18.045	0.000	18.045	18.045
Blue	V17	21.89	22.90	22.395	0.000	22.395	22.395
Blue	V18	23.48	25.10	24.290	0.000	24.290	24.290
Blue	V19	24.25	25.60	24.925	0.000	24.925	24.925
Blue	V20	25.35	26.10	25.725	0.000	25.725	25.725
Blue	V21	25.75	26.25	26.000	0.000	26.000	26.000
Blue	V22	26.00	26.75	26.375	0.000	26.375	26.375
Blue	V23	26.75	27.50	27.125	0.000	27.125	27.125
Blue	V24	27.35	28.25	27.800	0.000	27.800	27.800
Blue	V25	27.85	29.00	28.425	0.000	28.425	28.425
Blue	V26	28.35	29.75	29.050	0.000	29.050	29.050
Blue	V27	28.85	30.50	29.675	0.000	29.675	29.675
Blue	V28	29.35	31.25	30.300	0.000	30.300	30.300

### Blue Tier 3 Volume: 2k-49k

Product	Vintage	Low	High	Average	Change	Wk. Avg.	MTD
Blue	Retro	17.01	19.45	18.230	0.000	18.230	18.230
Blue	V17	22.01	23.15	22.580	0.000	22.580	22.580
Blue	V18	23.73	25.75	24.740	0.000	24.740	24.740
Blue	V19	24.50	26.25	25.375	0.000	25.375	25.375
Blue	V20	25.60	26.85	26.225	0.000	26.225	26.225
Blue	V21	26.00	27.00	26.500	0.000	26.500	26.500
Blue	V22	26.60	27.50	27.050	0.000	27.050	27.050
Blue	V23	27.10	28.25	27.675	0.000	27.675	27.675
Blue	V24	27.60	29.00	28.300	0.000	28.300	28.300
Blue	V25	28.10	29.75	28.925	0.000	28.925	28.925
Blue	V26	28.60	30.50	29.550	0.000	29.550	29.550
Blue	V27	29.10	31.25	30.175	0.000	30.175	30.175
Blue	V28	29.60	32.00	30.800	0.000	30.800	30.800

## Afforestation/Reforestation Credits [US\$/mt]

### ARR Tier 1 Volume: 350k+

Product	Vintage	Low	High	Average	Change	Wk. Avg.	MTD
ARR	Retro	1.05	15.50	8.275	0.000	8.275	8.275
ARR	V17	1.21	17.95	9.580	0.000	9.580	9.580
ARR	V18	1.50	25.45	13.475	0.000	13.475	13.475
ARR	V19	2.00	25.95	13.975	0.000	13.975	13.975
ARR	V20	2.50	27.70	15.100	0.000	15.100	15.100
ARR	V21	2.75	29.77	16.260	0.000	16.260	16.260
ARR	V22	12.15	30.27	21.210	0.000	21.210	21.210
ARR	V23	12.65	30.77	21.710	0.000	21.710	21.710
ARR	V24	13.15	31.27	22.210	0.000	22.210	22.210
ARR	V25	13.65	32.87	23.260	0.000	23.260	23.260
ARR	V26	14.15	33.87	24.010	0.000	24.010	24.010
ARR	V27	14.65	34.87	24.760	0.000	24.760	24.760
ARR	V28	15.15	35.87	25.510	0.000	25.510	25.510

### ARR Tier 2 Volume: 50k-349k

Product	Vintage	Low	High	Average	Change	Wk. Avg.	MTD
ARR	Retro	1.16	17.25	9.205	0.000	9.205	9.205
ARR	V17	1.66	19.70	10.680	0.000	10.680	10.680
ARR	V18	2.25	27.20	14.725	0.000	14.725	14.725
ARR	V19	2.75	27.70	15.225	0.000	15.225	15.225
ARR	V20	3.25	29.45	16.350	0.000	16.350	16.350
ARR	V21	3.50	31.52	17.510	0.000	17.510	17.510
ARR	V22	12.90	32.02	22.460	0.000	22.460	22.460
ARR	V23	13.40	32.52	22.960	0.000	22.960	22.960
ARR	V24	13.90	33.02	23.460	0.000	23.460	23.460
ARR	V25	14.40	34.62	24.510	0.000	24.510	24.510
ARR	V26	14.90	35.62	25.260	0.000	25.260	25.260
ARR	V27	15.40	36.62	26.010	0.000	26.010	26.010
ARR	V28	16.90	37.62	27.260	0.000	27.260	27.260

### ARR Tier 3 Volume: 2k-49k

Product	Vintage	Low	High	Average	Change	Wk. Avg.	MTD
ARR	Retro	1.50	17.50	9.500	0.000	9.500	9.500
ARR	V17	2.00	20.10	11.050	0.000	11.050	11.050
ARR	V18	2.50	27.75	15.125	0.000	15.125	15.125
ARR	V19	3.00	28.25	15.625	0.000	15.625	15.625
ARR	V20	3.50	30.00	16.750	0.000	16.750	16.750
ARR	V21	3.75	32.07	17.910	0.000	17.910	17.910
ARR	V22	13.15	32.57	22.860	0.000	22.860	22.860
ARR	V23	13.65	33.62	23.635	0.000	23.635	23.635
ARR	V24	14.15	35.62	24.885	0.000	24.885	24.885
ARR	V25	14.65	37.37	26.010	0.000	26.010	26.010
ARR	V26	15.15	38.37	26.760	0.000	26.760	26.760
ARR	V27	15.65	39.37	27.510	0.000	27.510	27.510
ARR	V28	16.15	40.37	28.260	0.000	28.260	28.260

## Forestry Credit Averages

### Voluntary REDD+ Credits Averages [US\$/mt]

		Average		MTD		30-Day Average	
Product	Vintage	Price	Change	Price	Change	Price	Change
REDD+	Retro	2.188	0.010	2.162	0.004	2.137	0.001
REDD+	V17	4.438	0.010	4.412	0.004	4.387	0.001
REDD+	V18	4.730	0.010	4.704	0.004	4.679	0.001
REDD+	V19	5.688	0.010	5.662	0.004	5.639	0.001
REDD+	V20	5.938	0.010	5.946	-0.001	5.965	-0.001
REDD+	V21	8.000	0.000	8.063	-0.009	8.200	-0.008
REDD+	V22	9.500	0.000	9.500	0.000	9.500	0.000
REDD+	V23	11.125	0.000	11.125	0.000	11.125	0.000
REDD+	V24	11.625	0.000	11.625	0.000	11.625	0.000
REDD+	V25	12.125	0.000	12.125	0.000	12.125	0.000
REDD+	V26	12.625	0.000	12.625	0.000	12.625	0.000
REDD+	V27	13.125	0.000	13.125	0.000	13.125	0.000
REDD+	V28	13.625	0.000	13.625	0.000	13.625	0.000

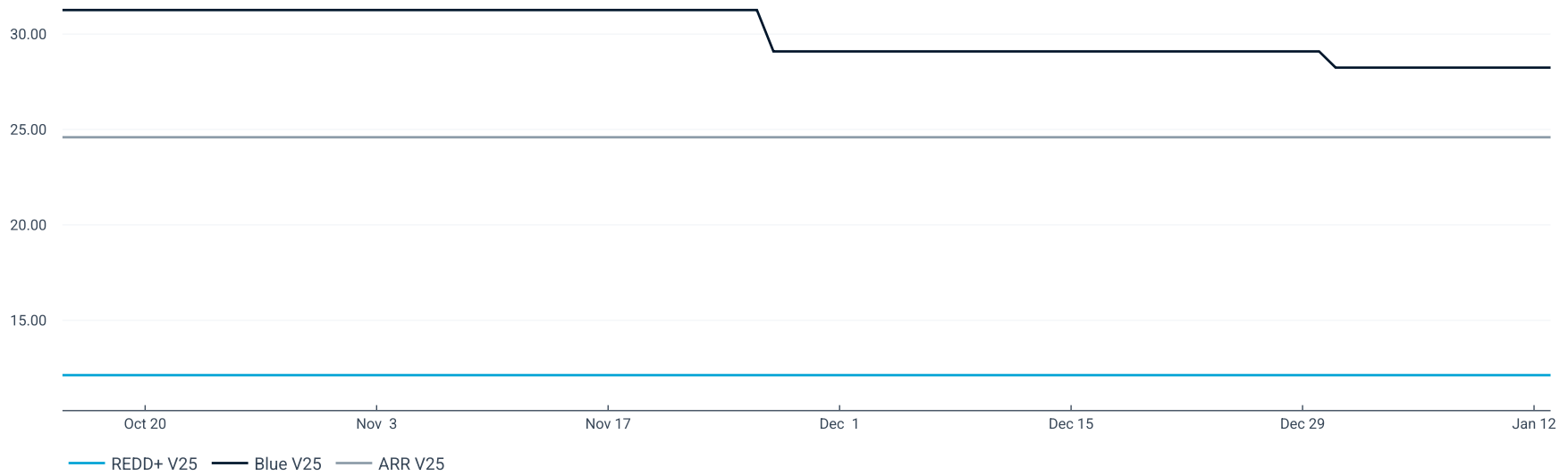
### Blue Carbon Credits Averages [US\$/mt]

		Average		MTD Average		30-Day Average	
Product	Vintage	Price	Change	Price	Change	Price	Change
Blue	Retro	17.793	0.000	17.793	0.000	17.793	0.000
Blue	V17	22.172	0.000	22.172	0.000	22.172	0.000
Blue	V18	24.093	0.000	24.093	0.000	24.093	-0.002
Blue	V19	24.725	0.000	24.725	0.000	24.725	-0.002
Blue	V20	25.475	0.000	25.475	0.000	25.475	-0.008
Blue	V21	25.708	0.000	25.708	0.000	25.992	-0.094
Blue	V22	26.183	0.000	26.183	0.000	26.778	-0.116
Blue	V23	26.917	0.000	26.917	0.000	27.512	-0.111
Blue	V24	27.575	0.000	27.575	0.000	28.170	-0.106
Blue	V25	28.242	0.000	28.242	0.000	28.837	-0.101
Blue	V26	28.883	0.000	28.883	0.000	29.478	-0.096
Blue	V27	29.508	0.000	29.508	0.000	30.103	-0.092
Blue	V28	30.092	0.000	30.092	0.000	30.092	0.000

### Afforestation/Reforestation Credits Averages [US\$/mt]

		Average		MTD Average		30-Day Average	
Product	Vintage	Price	Change	Price	Change	Price	Change
ARR	Retro	8.993	0.000	8.993	0.000	8.993	0.000
ARR	V17	10.437	0.000	10.437	0.000	10.437	0.000
ARR	V18	14.442	0.000	14.442	0.000	14.506	-0.008
ARR	V19	14.942	0.000	14.942	0.000	14.959	-0.002
ARR	V20	16.067	0.000	16.067	0.000	16.093	-0.003
ARR	V21	17.227	0.000	17.227	0.000	17.302	-0.006
ARR	V22	22.177	0.000	22.177	0.000	22.177	0.000
ARR	V23	22.768	0.000	22.768	0.000	22.768	0.000
ARR	V24	23.518	0.000	23.518	0.000	23.518	0.000
ARR	V25	24.593	0.000	24.593	0.000	24.593	0.000
ARR	V26	25.343	0.000	25.343	0.000	25.343	0.000
ARR	V27	26.093	0.000	26.093	0.000	26.093	0.000
ARR	V28	27.010	0.000	27.010	0.000	27.010	0.000

## OPIS Forestry Credits Average Prices (US\$/mt)



## Co-Benefits Standards (US\$/mt)

Product	Low	High	Average	Change	Wk. Avg.	MTD
CCB	0.01	5.00	2.505	0.000	2.505	2.505
CCB Gold	1.00	5.20	3.100	0.000	3.100	3.100
SD VISTA	0.01	5.00	2.505	0.000	2.505	2.505

## CORSIA Eligible Offsets (US\$/mt)

Product	Low	High	Average	Change	Wk. Avg.	MTD
CEO	0.15	0.17	0.160	-0.015	0.159	0.158

## California Carbon Offsets (US\$/mt)

Product	Timing	Low	High	Average	Change	Wk. Avg.	MTD
Golden CCO	2025	14.65	14.75	14.700	0.000	14.700	14.700
CCO(3)	2025	14.15	14.25	14.200	0.000	14.200	14.200
CCO(8)	2025	13.65	13.75	13.700	0.000	13.830	13.931
DEBS Golden CCO	2025	29.40	29.50	29.450	0.000	29.450	29.450
DEBS CCO(3)	2025	28.90	29.00	28.950	0.000	28.950	28.950
DEBS CCO(8)	2025	28.40	28.50	28.450	0.000	28.580	28.681
Zero CCO	January 2025	14.65	14.75	14.700	0.000	14.700	14.700
Zero CCO	December 2025	14.95	15.05	15.000	0.000	15.000	15.000
Zero CCO	December 2026	15.90	16.00	15.950	0.000	15.950	15.950
Zero CCO	December 2027	16.45	16.55	16.500	0.000	16.500	16.500

## Core Carbon Credits (US\$/mt)

Product	Low	High	Average	Change	Wk. Avg.	MTD
CCP	0.15	18.25	9.200	-0.010	9.198	9.194

# Carbon Neutral Fuels Index

## International Maritime Organization (IMO)

Product	US\$/mt			
	Low	High	Average	Change
CNFI IMO Diesel/Gas Oil	0.48	58.51	29.495	-0.035
CNFI IMO Ethanol	0.29	34.91	17.600	-0.020
CNFI IMO Heavy Fuel Oil	0.47	56.83	28.650	-0.030
CNFI IMO Light Fuel Oil	0.47	57.51	28.990	-0.035
CNFI IMO LNG	0.41	50.19	25.300	-0.030
CNFI IMO LPG Butane	0.45	55.30	27.875	-0.035
CNFI IMO LPG Propane	0.45	54.75	27.600	-0.030
CNFI IMO Methanol	0.21	25.09	12.650	-0.010

## Liquids

Product	US\$/gal				US\$/bbl				US\$/mt			
	Low	High	Average	Change	Low	High	Average	Change	Low	High	Average	Change
CNFI Aviation Gasoline	0.00	0.16	0.080	0.000	0.06	6.76	3.410	0.000	0.48	58.27	29.375	-0.030
CNFI Biodiesel 100%	0.00	0.16	0.080	0.000	0.06	6.84	3.450	0.000	0.40	48.36	24.380	-0.025
CNFI Biodiesel HVO 100%	0.00	0.17	0.085	0.000	0.06	7.05	3.555	-0.005	0.47	56.94	28.705	-0.030
CNFI Butane	0.00	0.12	0.060	0.000	0.04	5.13	2.585	-0.005	0.45	55.35	27.900	-0.035
CNFI Diesel No 2	0.00	0.19	0.095	0.000	0.06	7.85	3.955	-0.005	0.48	58.47	29.475	-0.030
CNFI Ethane	0.00	0.07	0.035	0.000	0.03	3.12	1.575	0.000	0.45	54.84	27.645	-0.030
CNFI Ethanol	0.00	0.10	0.050	0.000	0.04	4.38	2.210	0.000	0.29	34.91	17.600	-0.020
CNFI Gas Oil	0.00	0.19	0.095	0.000	0.07	8.00	4.035	0.000	0.48	58.95	29.715	-0.035
CNFI Gasoline	0.00	0.16	0.080	0.000	0.06	6.75	3.405	0.000	0.46	56.25	28.355	-0.030
CNFI Heavy Fuel Oil	0.00	0.22	0.110	0.000	0.08	9.21	4.645	-0.005	0.48	58.93	29.705	-0.035
CNFI Jet Fuel	0.00	0.18	0.090	0.000	0.06	7.38	3.720	-0.005	0.48	58.05	29.265	-0.030
CNFI Kerosene	0.00	0.18	0.090	0.000	0.06	7.37	3.715	-0.005	0.47	57.76	29.115	-0.035
CNFI Light Fuel Oil	0.00	0.20	0.100	0.000	0.07	8.58	4.325	-0.005	0.47	57.51	28.990	-0.035
CNFI Naphtha	0.00	0.15	0.075	0.000	0.05	6.15	3.100	-0.005	0.47	57.36	28.915	-0.030
CNFI Propane	0.00	0.10	0.050	0.000	0.04	4.41	2.225	0.000	0.45	54.71	27.580	-0.030

## Gaseous

Product	US\$/MMBtu				US\$/DGE				US\$/mt			
	Low	High	Average	Change	Low	High	Average	Change	Low	High	Average	Change
CNFI Compressed Natural Gas	0.01	1.01	0.510	0.000	0.00	0.13	0.065	0.000	0.38	46.32	23.350	-0.025
CNFI LNG	0.01	1.01	0.510	0.000	0.00	0.14	0.070	0.000	0.41	50.19	25.300	-0.030

Product	US\$/MMBtu				US\$/MCF				US\$/Therm				US\$/mt			
	Low	High	Average	Change	Low	High	Average	Change	Low	High	Average	Change	Low	High	Average	Change
CNFI Natural Gas	0.01	1.01	0.510	0.000	0.01	1.04	0.525	0.000	0.00	0.10	0.050	0.000	0.38	46.32	23.350	-0.025

## Commentary

### Heathrow Airport Unveils \$104 Million Incentive to Target 3% SAF Use in 2025

Jaime Llinares Taboada

Heathrow airport in London has announced an incentive of £86 million (\$104.1 million) to achieve a 3% sustainable aviation fuel (SAF) use in 2025.

The U.K.'s largest airport said in a Jan. 10 news release that the incentive will be made available to airlines to support their transition to cleaner fuels. SAF can reduce carbon emissions by 70% on a full life cycle basis, but it's significantly costlier than traditional fossil-based jet fuel.

Heathrow's 3% SAF target is 1 percentage point above the new U.K. mandate that also entered into force this month. The airport's goal for 2025 is equivalent to some 187,000 metric tons of SAF consumption.

"We are delighted that the government has moved so quickly to legislate the SAF Mandate. We must now accelerate legislation for the SAF Revenue Certainty Mechanism to ensure we can build a domestic industry," said Matt Gorman, Heathrow's director of carbon strategy.

Despite the mandate, the U.K. currently has no commercial-scale SAF production plants in operation. The European Union has also introduced a 2% SAF mandate this year.

--Reporting by Jaime Llinares Taboada, [jllinares@opisnet.com](mailto:jllinares@opisnet.com); Editing by Rob Sheridan, [rsheridan@opisnet.com](mailto:rsheridan@opisnet.com)

### Tata Steel Backed End to UK ETS Free Allowance Loophole, Documents Show

Humberto J. Rocha

Tata Steel and UK trade associations backed a government proposal to close a free carbon allowance allocation loophole in the UK Emissions Trading System (ETS), according to documents OPIS obtained through a Freedom of Information request.

Free allowances are handed on an annual basis to many large carbon emitting installations in the EU and UK to prevent their operators being at a disadvantage to foreign competitors that don't pay carbon-based levies. However, an investigation undertaken by OPIS in 2023 and 2024 showed that operators were sometimes taking installations permanently offline but still receiving free carbon allowances.

The UK government and the EU Commission subsequently pledged to end the loophole, which was allowing the operators to reap windfalls from selling the unneeded allowances on secondary markets.

The documents obtained by OPIS show that Tata Steel, India's largest steel company and operator of the Port Talbot steel mill in the UK, was one of the supporters of the British government's proposal to end the loophole following a consultation that took place in late 2023 and early 2024.

Trade body British Glass, the Association for Decentralized Energy and Ceramics UK were also named in the consultation as being in favor of changes to the free allowance allocation rules.

The UK ETS Authority's consultation focused on two proposals: requiring installation operators to report their actual activity levels on their final year of operation to determine their free allowance allocation and redefining "permanent cessation".

In November, the UK government decided to base free allowance allocations on an installation's final year of actual carbon emissions. The proposals mandate operators to submit evidence of operation cessations to determine if the stoppages are temporary or permanent.

Out of the total 40 responses, five respondents disagreed with the proposal to change the free allocation rules and two speculated on potential risks. Thirty-three respondents were in favor of the proposed change.

OPIS obtained unredacted responses from two participants who were against the proposal. One of those objecting respondents argued that operations in an installation's final year "are extremely difficult to estimate" and that the UK ETS Authority already "has the ability to request return of overallocated free allowances."

The unnamed respondent said that changes to the regulation would make matters more complex, and there is a risk that any party with more allowances from overallocation "ceases to trade before excess allowances are returned."

The second opponent wrote that installation operators should keep the free allowances from the final year of activity as entities do not receive free allowances "when initiating operations."

"However, going forward, any new installations should receive free allocations immediately without having to wait," the unnamed respondent said. "Subsequently, if these new installations were to permanently cease operations, their free allocations in the final year of operations can be returned/topped up based on actual emissions for that year."

Tata Steel: Rule Change Needed to Incentivize Decarbonization

On the other hand, Tata Steel favored the government's proposition, as the UK ETS Authority would take into account the reason behind a sub-installation winding down and if it were doing so temporarily or permanently when determining its free allowance allocation. Installation operators could explain that sub-installation closures are due to decarbonization goals like the electrification of previously natural gas- or coal-powered facilities and processes, as is the case with the company's Port Talbot plant.

"This is needed to remain consistent with [the] free allocation policy's decarbonization incentive," a Tata Steel representative wrote. "There is already a process in place to return over-allocated allowances under the [installation] activity level rules. A similar type of process should therefore be considered here."

Tata Steel's Port Talbot plant relied on blast furnaces and coke ovens for steel manufacturing, but the company decided over a year ago to invest a combined £1.25 billion (\$1.53 billion) in an electric arc furnace to reduce emissions by 85% based on the plant's 2022 levels. Carbon emissions from the installation could subsequently drop to as low as 850,000 metric tons of carbon, according to government figures from verified emissions of 5,706,594 metric tons in 2023.

The Association for Decentralized Energy -- a trade association group advocating for local energy efficiency and production that has over 150 members -- wrote that free allowance allocation determined on an installation's actual activity levels "could help mitigate the risk of distortions for other operators in the sector."

Ceramics UK, a group that represents over 90% of the country's ceramics industry, supported the proposal that an installation's final year of free allowances should be based on the site's actual activity levels "rather than a full year's complement, to ensure fairness to all participants." But the group advocated that new installations should receive their free allowance allocation shortly after commissioning to ensure that businesses have certainty.

In 2023 and 2024, OPIS reported on how companies in the UK and European Union ETSs were shutting down installations but still receiving free allowances despite emitting little to no carbon.



In one example, TotalEnergies' 93,000-b/d Grandpuits refinery emitted just 78 metric tons of carbon dioxide in 2022 but received 122,509 free EU carbon allowances (EUAs), according to EU figures. Similarly, in the UK, CF Fertilizers' Ince manufacturing plant near Chester in northwest England obtained almost \$50 million in free UK carbon allowances in 2022, taking average benchmark prices for that year, despite having halted operations in 2021.

In the early years of the EU ETS, operators were sometimes handed annual free allowances by governments for as long as five years after their plants had ceased operations, OPIS reported last year.

--Reporting by Humberto J. Rocha, hrocha@opisnet.com; Editing by Anthony Lane, alane@opisnet.com

# Trade Log

## Carbon Credit Trades

Trade Date	Product	Vintage	Price (\$)	Delivery Time	Volume	Notes
2025-01-13	AFOLU	Combo	0.46	Dec'25	Tier 3	CME N-GEO
2025-01-13	AFOLU	Combo	0.55	Dec'25	Tier 3	CME N-GEO
2025-01-13	CEO	Combo	0.15	Dec'25	6,000	CME GEO
2025-01-13	CEO	Combo	0.17	Dec'25	6,000	CME GEO
2025-01-10	CEO	Combo	0.17	Dec'25	2,000	CME GEO
2025-01-10	CEO	Combo	0.18	Dec'25	5,000	CME GEO
2025-01-09	CEO	Combo	0.15	Dec'25	5,000	CME GEO
2025-01-09	CEO	Combo	0.14	Dec'25	2,000	CME GEO
2025-01-08	AFOLU	Combo	0.44	Dec'25	Tier 3	CME GEO
2025-01-08	CEO	Combo	0.13	Dec'25	1,000	CME GEO
2025-01-08	CEO	Combo	0.17	Dec'25	4,000	CME GEO
2025-01-07	CEO	Combo	0.14	Dec'25	9,000	CME GEO
2025-01-07	CEO	Combo	0.19	Dec'25	1,000	CME GEO
2025-01-06	AFOLU	Combo	0.45	Dec'25	Tier 3	CME N-GEO
2025-01-06	AFOLU	Combo	0.55	Dec'25	Tier 3	CME N-GEO
2025-01-06	CEO	Combo	0.14	Dec'25	2,000	CME GEO
2025-01-06	CEO	Combo	0.23	Dec'25	3,000	CME GEO
2025-01-03	CEO	Combo	0.14	Dec'25	1,000	CME GEO
2025-01-02	CEO	Combo	0.12	Dec'25	5,000	CME GEO
2025-01-02	CEO	Combo	0.16	Dec'25	9,000	CME GEO
2024-12-31	CEO	Combo	0.14	Dec'25	1,000	CME GEO
2024-12-31	CEO	Combo	0.12	Dec'25	1,000	CME GEO
2024-12-30	CEO	Combo	0.13	Dec'25	1,000	CME GEO
2024-12-30	CEO	Combo	0.14	Dec'25	1,000	CME GEO
2024-12-27	CEO	Combo	0.14	Dec'25	1,000	CME GEO
2024-12-27	CEO	Combo	0.24	Dec'25	1,000	CME GEO
2024-12-26	AFOLU	Combo	0.37	Dec'24	Tier 3	CME N-GEO
2024-12-26	AFOLU	Combo	0.48	Dec'24	Tier 3	CME N-GEO
2024-12-26	CEO	Combo	0.17	Dec'24	3,000	CME GEO
2024-12-26	CEO	Combo	0.21	Dec'24	1,000	CME GEO
2024-12-24	CEO	Combo	0.16	Dec'24	185,000	CME GEO, Block
2024-12-24	CEO	Combo	0.38	Dec'24	5,000	CME GEO
2024-12-23	AFOLU	Combo	0.23	Dec'24	Tier 3	CME N-GEO
2024-12-23	CEO	Combo	0.38	Dec'24	5,000	CME GEO
2024-12-23	CEO	Combo	0.40	Dec'24	5,000	CME GEO
2024-12-20	AFOLU	Combo	0.26	Dec'24	Tier 3	CME N-GEO
2024-12-20	AFOLU	Combo	0.37	Dec'24	Tier 3	CME N-GEO
2024-12-20	AFOLU	Combo	0.56	Dec'25	Tier 3	CME N-GEO
2024-12-20	CEO	Combo	0.36	Dec'24	4,000	CME GEO
2024-12-20	CEO	Combo	0.38	Dec'24	24,000	CME GEO
2024-12-19	AFOLU	Combo	0.65	Dec'25	Tier 3	CME N-GEO, Block
2024-12-18	AFOLU	Combo	0.32	Dec'24	Tier 3	CME N-GEO
2024-12-18	AFOLU	Combo	0.41	Dec'24	Tier 3	CME N-GEO, block
2024-12-18	REDD+	V20	11.00	Dec'24	Tier 3	Latin America-based
2024-12-18	REDD+	V20	11.00	Dec'24	Tier 3	Latin America-based
2024-12-17	AFOLU	Combo	0.36	Dec'24	Tier 3	CME N-GEO
2024-12-17	AFOLU	Combo	0.38	Dec'24	Tier 3	CME N-GEO, block
2024-12-17	CEO	Combo	0.36	Dec'24	11,000	CME GEO

Trade Date	Product	Vintage	Price (\$)	Delivery Time	Volume	Notes
2024-12-17	REDD+	V19	3.85	<12 mo.	--	Asia, CCB Triple Gold, volume undisclosed
2024-12-17	REDD+	V20	4.60	<12 mo.	--	Asia, CCB Triple Gold, volume undisclosed
2024-12-16	AFOLU	Combo	0.42	Dec'24	Tier 3	CME NCEO

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