CARBON CREDIT TRANSACTIONS HANDBOOK

A Legal and Commercial Guide for Sellers, Buyers, Traders, and Brokers

Structured around the Verra VCS framework, Verra Registry transfer and retirement mechanics, and India's carbon credit trading regulations under the Central Electricity Regulatory Commission (CERC)

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Notice

This handbook is provided for general informational purposes only. It is intended to help sellers, buyers, traders and brokers understand how carbon credit transactions are typically structured and documented; it does not constitute legal advice, and should not be relied upon as a substitute for advice from qualified counsel on a specific transaction.

Carbon markets, and in particular the two frameworks discussed in detail here (Verra's Verified Carbon Standard and India's carbon credit trading regulations under the Central Electricity Regulatory Commission), are evolving rapidly. This handbook reflects publicly available information as of July 2026. Readers should confirm current registry procedures, trading rules and regulatory guidance before relying on any part of this handbook in a live transaction.

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1. Introduction

Carbon credit transactions are now structured commercial deals, not simply sustainability commitments. A properly executed transaction requires a clearly defined asset, clean and provable title, evidence of verification or issuance, a workable registry transfer mechanism, protection for the paying party, and a contractual allocation of issuance and regulatory risk between seller and buyer.

This handbook explains how carbon credit deals unfold from the perspective of each market participant: seller, buyer, trader and broker, and sets out the legal and commercial points that matter in practice, with particular attention to transactions involving Verra Verified Carbon Units (VCUs) and, where relevant, India's carbon credit certificate (CCC) framework under the Central Electricity Regulatory Commission (CERC).

> **Note.** *Both frameworks are, at the time of writing, in a period of active change. Verra is migrating to a new registry platform in July 2026, and India's CERC framework was only notified in March 2026 and still awaits its detailed operating procedure from the Bureau of Energy Efficiency (BEE). Deal documentation drafted now should be built to withstand that change, and to reference it, rather than assume the current rules are final.*

2. Scope and Audience

This handbook is intended for project developers, corporates, brokers, traders, in-house legal teams and sustainability teams who need to understand not just how carbon credits are marketed, but how they are legally sold, transferred, retired and documented.

For a law-firm audience, the central objective is to show how to structure a transaction so that the asset, the payment, the delivery obligation and the claims logic are all aligned with one another. Misalignment between these four elements, more than any single defective clause, is where most carbon credit disputes and misunderstandings originate.

3. Core Market Concepts

A carbon credit transaction begins with a basic distinction between three categories of subject matter: credits that have already been issued and sit in a registry account; emission reductions that have been verified but not yet issued; and future delivery rights, where the underlying reduction or removal has not yet occurred. Each category carries a different risk profile and should be priced, delivered and warranted differently.

Under the Verified Carbon Standard (VCS) Program, Verified Carbon Units (VCUs) are issued to Verra Registry account holders following project validation, verification and Verra's own review. Registry accounts may only be held by vetted organizations that pass Verra's Know-Your-Customer screening; individuals cannot hold accounts or VCUs directly. VCUs are not paper instruments: they cannot be transferred to another database, and ownership changes hands only when a transfer between Verra Registry accounts is completed and recorded.

> **Note.** *Buyers, sellers and brokers should also note that Verra's registry infrastructure itself is changing. Working with S&P Global Commodity Insights, Verra is launching a new registry platform on 27 July 2026; the current registry will go offline for migration from the evening of 23 July until go-live on 27 July, with earlier cut-off dates for pending issuance, labelling, cancellation and transfer requests. Any deal scheduled to close, or with a pending registry action, in the second half of July 2026 should build in an express contingency for this transition window (see Section 12).*

In India, carbon credit certificates (CCCs) sit within a distinct, regulator-created trading structure. CCCs are issued under the Carbon Credit Trading Scheme, 2023 (CCTS) and traded under the CERC (Terms and Conditions for Purchase and Sale of Carbon Credit Certificates) Regulations, 2026, with a dedicated registry, administrator and market regulator. This is a materially different asset and market architecture from a Verra VCU, and transaction documents should make clear which layer the deal is operating within: Verra, CERC, or both, where a project or buyer touches both markets.

4. Party Roles

Seller

The seller is usually the project developer, project owner, or an assignee or authorized intermediary acting on the developer's behalf. The seller's core task in any transaction is to demonstrate that the credits exist, or will exist; that it holds the right to transfer them; and that no conflicting claim (a prior sale, a prior retirement, or a competing environmental claim over the same reduction) has been made against them.

Buyer

The buyer may be a corporation seeking to offset emissions or support inventory accounting, a trader, an intermediary, or a compliance-market participant under a scheme such as India's CCTS. Whatever the buyer's ultimate purpose, it generally wants three things: certainty of delivery, a usable retirement pathway if retirement is intended, and a legal record that will actually support whatever climate or accounting claim it plans to make.

Broker

The broker sources counterparties, helps price the lot, and structures the transaction commercially, without itself taking title to the credits in most cases. The broker agreement should address the broker's authority (including whether it can bind either party), confidentiality, commission and the trigger for it, exclusivity, and, critically, whether the broker is acting for the seller, the buyer, or both, since a dual-agency broker carries additional disclosure obligations.

Trader

The trader buys for resale, arbitrage, portfolio construction, or execution across multiple vintages and delivery windows. Because a trader is more likely to sit mid-chain in a series of onward transactions, it needs tighter settlement mechanics, clearer title representations from its own counterparty, and highly disciplined transfer documentation: a defect anywhere in the chain can surface downstream, against a trader who had no visibility into the original project.

5. Transaction Lifecycle

Carbon credit deals generally move through a consistent sequence: a teaser or mandate note, then an NDA, then data room access, then diligence, then a term sheet, then the final sale or offtake agreement, followed by the registry transfer, payment and, where the buyer wants it, retirement.

This lifecycle matters legally, not just operationally, because the character of the transaction changes as it advances. A deal done before issuance is, legally, a forward delivery arrangement: a promise to deliver credits once they exist, subject to issuance and regulatory risk. A deal done after issuance is a present transfer of an existing, identifiable asset. The remedies available on breach differ materially between the two, so the agreement should state explicitly which kind of transaction the parties are entering into.

6. Asset Verification and Diligence

Buyers should request the project description or project design document, the applicable methodology reference, validation and verification reports, the current registry project page and status, serial numbers for any already-issued credits, and evidence of any pending issuance request for credits not yet issued. Where a lot combines issued and future credits, the documentation should separate the two clearly by tranche.

The legal point behind diligence is broader than environmental integrity. Diligence in a carbon credit transaction is also about confirming title, confirming transferability, ruling out double counting or double claiming, and confirming that the seller can actually deliver what it has agreed to sell: questions that sit squarely within a lawyer's remit, not only a technical reviewer's.

7. Deal Structures

7.1 Spot Sale

A spot sale covers credits that have already been issued. The contract should state the quantity, serial numbers where available, the transfer date, the payment date, and should confirm expressly that title passes only on completion of the registry transfer, never on execution of the agreement.

7.2 Forward Sale

A forward sale covers credits that have not yet been issued. The contract should make clear that the seller is not transferring existing credits, but is instead undertaking an obligation to deliver upon issuance, subject to registry approval and to any applicable regulatory process (for example, BEE issuance approval and GRID-INDIA registry crediting in an India-linked deal).

7.3 Mixed-Lot Sale

A mixed-lot sale combines already-issued units with units still under review or awaiting verification. This is common where a project has partial issuance history. Each tranche, issued and future, should be priced, delivered and risk-allocated separately, since a single blended price or delivery date for a mixed lot tends to obscure which party bears issuance risk on the unissued portion.

7.4 Brokered Placement

A brokered placement suits a seller wanting broader market access, or a buyer wanting a curated pipeline. The brokerage terms should be documented separately from the sale agreement itself, so that a later dispute over commission cannot cloud, delay or contaminate the underlying title and delivery obligations between seller and buyer.

7.5 Exchange-Linked Trade

Where a transaction falls within India's CCTS/CERC framework, execution must track the applicable power exchange's rules, GRID-INDIA's registry procedures, and the business rules approved by CERC (and, once issued, BEE's Detailed Procedure). The agreement should include a compliance-with-rules clause that expressly incorporates the applicable market infrastructure and anticipates that some of those procedures are still being finalized.

8. Pricing Logic

Pricing depends on vintage, project type, issuance certainty, market demand, buyer profile and payment timing. A verified, already-issued lot with immediate delivery will generally price differently from a future-issuance lot, because the delivery risk carried by the buyer is different in each case.

> **Note.** *For CCC transactions under the CERC Regulations, 2026, pricing is not fully open-market: trading occurs within a price band bounded by a Floor Price and a Forbearance Price, both approved by CERC on BEE's proposal, with the actual price discovered by the market within that band. India-linked contracts should reference this band mechanism rather than assume unconstrained pricing, and should anticipate that the band itself may be revised by the regulator over time.*

The contract should avoid vague pricing language generally. Where price varies by tranche, by delivery date, or by issuance status, the pricing formula should be stated with precision in the term sheet and then repeated, not merely referenced, in the final agreement.

9. Contract Set

9.1 NDA

The NDA should protect project data, pricing, serial numbers, registry evidence and, where relevant, buyer identity. For law-firm use, it should also include no-solicitation and limited-use provisions where the buyer will receive commercially sensitive information during diligence.

9.2 Term Sheet

The term sheet should capture the commercial essentials: quantity, vintage, asset status (issued or pending), price, payment timing, delivery window, issuance contingency, and whether the buyer has the right to require retirement. It should state clearly whether the document itself is binding or non-binding, since carbon credit term sheets are sometimes treated as more binding in practice than their drafting suggests.

9.3 Sale or Offtake Agreement

This is the principal contract. It should allocate title, delivery, payment, transfer mechanics, default, remedies, confidentiality, taxes, the consequences of regulatory change, and dispute resolution.

9.4 Broker Agreement

The broker agreement should define the mandate, commission, the event that triggers payment of commission, exclusivity, territory, term, and whether the broker has authority to bind either principal. A carefully drafted broker clause prevents later arguments about who sourced whom, and who therefore owes a fee.

9.5 Escrow Agreement

Where the buyer pays before delivery or before the registry transfer is complete, escrow is usually the cleanest way to protect both sides. Release conditions should be objective and verifiable: registry transfer confirmation, issuance confirmation, or completion of an agreed milestone, rather than dependent on either party's subjective satisfaction.

9.6 Registry Transfer Instruction

The registry transfer instruction should mirror the sale agreement precisely. If the contract states that transfer occurs only after payment, the registry instruction itself must not permit an earlier movement of title: a mismatch here is a common, avoidable source of disputes.

9.7 Retirement Instruction

If the buyer wants the credits retired, the agreement should identify who gives the retirement instruction, whose registry account bears the retirement, and which retirement reason applies, where the registry offers a choice. On the Verra Registry, for example, a ‘corporate emissions inventory accounting' retirement reason has been available since 2023, distinct from retirement for offsetting purposes, intended to improve transparency and reduce double-counting risk between the two uses.

10. Key Clause Notes

10.1 Definition of Credits

Define the credits with precision: standard, registry, methodology, vintage, quantity, and the serial number range if known, together with a statement of whether they are issued or pending issuance. Precision here avoids later disputes about exactly what was sold.

10.2 Title and Authority

The seller should represent that it owns the credits, or otherwise controls the right to transfer them, and that it has authority to sign and perform. In a forward sale, the seller should additionally represent that it holds the project rights and contractual rights necessary to generate the future credits it has agreed to deliver.

10.3 Delivery Obligation

State the delivery date or delivery window, the receiving registry account, and whether partial delivery is permitted. Where the deal carries issuance risk, specify expressly what happens on delay, rejection, or partial issuance: silence on this point tends to default unhelpfully to general contract remedies that are a poor fit for registry-based assets.

10.4 Payment Terms

Payment terms should track delivery risk. Where credits are already issued, payment can reasonably be due on transfer or shortly after. Where issuance is still pending, the buyer should generally pay in stages, or through escrow, rather than in full upfront.

10.5 Conditions Precedent

Conditions precedent typically include completion of due diligence, registry account opening, KYC clearance, and any required regulatory approvals. In India-linked transactions, the parties should also confirm that the intended transaction route (compliance market or offset market, and the relevant exchange) is compatible with the CCTS/CERC framework before signing.

10.6 Regulatory Change

The agreement should say what happens if the applicable market rules change after signing. This is not a boilerplate point in the current environment: both Verra's registry infrastructure and India's CERC framework are actively evolving, and a well-drafted regulatory change clause allocates that risk deliberately rather than leaving it to be litigated later.

10.7 Warranty Against Double Counting

This is a key clause for buyer confidence. The seller should warrant that the same credit has not been sold, retired, claimed, or otherwise used inconsistently with the transaction. In an Indian context, this warranty currently does real work: practitioners have flagged that the CCC Regulations do not themselves resolve the risk of the same underlying generation being claimed simultaneously as a Renewable Energy Certificate (REC), an International REC (I-REC), and a CCC, pending BEE's forthcoming Detailed Procedure.

10.8 Indemnity

The indemnity should cover title defects, invalidity, prior retirement, double counting, and material breach. In higher-value deals, the parties may wish to cap liability, carve out fraud from any cap, and tie indemnity survival to a defined claim period.

10.9 Remedies

State whether the buyer may seek replacement credits, a refund, specific performance, or termination on breach. For forward deals in particular, a right to replacement credits of equivalent standard and vintage is often more commercially useful to the buyer than a right to sue for damages after the fact.

10.10 Tax and Costs

The contract should allocate taxes, registry or exchange fees, broker fees, legal costs and transfer expenses between the parties expressly. Where the transaction is India-connected, tax drafting should be coordinated with local indirect tax advice, given the evolving treatment of carbon credit transactions under Indian tax law.

11. India Law Section

India's domestic carbon market has been built incrementally. The Energy Conservation (Amendment) Act, 2022 inserted Section 14A into the Energy Conservation Act, 2001, expressly empowering the Central Government to establish a carbon credit trading scheme. Acting on that mandate, the Ministry of Power notified the Carbon Credit Trading Scheme, 2023 (CCTS), which set out the institutional architecture: the Bureau of Energy Efficiency (BEE) as Administrator, the Grid Controller of India (GRID-INDIA) as Registry, and the Central Electricity Regulatory Commission (CERC), already a statutory market regulator under the Electricity Act, 2003, as regulator of CCC trading activity.

On 27 February 2026, CERC notified the CERC (Terms and Conditions for Purchase and Sale of Carbon Credit Certificates) Regulations, 2026 (the CCC Regulations), published in the Official Gazette on 3 March 2026 under Section 178 read with Section 66 of the Electricity Act, 2003. These are India's first comprehensive trading rules for exchange-traded carbon credit certificates, translating the CCTS's institutional design into enforceable market mechanics.

Responsibility is split three ways. BEE issues CCCs on Central Government approval and formulates a Detailed Procedure, subject to CERC approval, governing transactions, entity registration and transfer of CCCs. GRID-INDIA operates the Registry, maintaining participant accounts, crediting and debiting CCCs on completed transactions, cross-checking sale bids against available holdings across all power exchanges, and publishing a monthly list of defaulting entities. CERC retains overarching oversight, approves the Floor and Forbearance prices within which trading occurs, and holds reserve powers to intervene on abnormal price movement or volatility.

The CCC Regulations establish two structurally distinct markets: a Compliance Market for Obligated Entities, large industrial consumers in energy-intensive sectors such as power generation, steel, cement, aluminium and fertilisers, subject to mandatory emissions reduction targets, and an Offset Market for Non-Obligated Entities, the voluntary participants such as renewable energy generators and forestry project developers. Trading is mandatory on power exchanges on a monthly basis, and exchanges must obtain CERC's prior approval of their Rules, Business Rules and Bye-Laws before they can commence CCC trading.

Market integrity is protected by three mechanisms: entities may not place sale bids exceeding their registry holdings; GRID-INDIA cross-checks cumulative bids across all exchanges and voids any excess; and an entity recording more than three defaults in a quarter is barred from dealing in CCCs for the following six months, without prejudice to any separate penalty under the Energy Conservation Act.

> **Note.** *Practitioners have flagged that the CCC Regulations do not themselves address the risk that the same underlying generation could be monetised more than once, for example claimed as a REC under the existing Renewable Purchase Obligation framework and as a CCC under the Offset Mechanism, or claimed a third time as an I-REC. This is left to BEE's forthcoming Detailed Procedure. For a law-firm audience, the practical implication is that India-linked sale agreements should carry an explicit double-counting warranty (see Section 10.7) and should not assume the regulatory gap will have closed by the time of signing. Parties trading in India cannot treat carbon credits as informal, purely voluntary-market assets: the exchange layer, the GRID-INDIA registry, and BEE's evolving procedures are now a mandatory part of the deal architecture for CCCs.*

12. Verra Law Section

Verra VCUs are registry-based credits, issued to vetted, KYC-cleared account holders following project validation, verification and Verra's own review. Each VCU represents one tonne of CO2-equivalent reduced or removed. Ownership transfers only through the Verra Registry, and all issuance and retirement records are publicly available on it.

This means a properly drafted Verra transaction should never assume that title passes on signature of the sale agreement, or even on payment alone. Title should be drafted to pass only when the relevant registry transfer has been completed and recorded.

Note. *Deal teams should also be aware that Verra's registry platform is itself in transition as of this handbook's publication. Working with S&P Global Commodity Insights, Verra is launching a new registry, going live on 27 July 2026. The existing registry will be taken offline for migration from the evening of Thursday, 23 July 2026, with access resuming on 27 July. Verra has also set earlier cut-off dates for pending activity: new issuance, labelling or cancellation requests needed to be submitted by 17 July 2026, and any unit transfer left pending as of 23 July is liable to be withdrawn from the source account and will need to be re-entered once the new registry is live. Transactions scheduled to close, or with any pending registry action, around this window should include an express contingency addressing possible registry unavailability, and should confirm counterparties' account and KYC status is current well ahead of the cut-off dates.*

Where a buyer intends to retire credits for corporate emissions inventory accounting rather than for offsetting, the Verra Registry has, since 2023, offered a dedicated 'corporate emissions inventory accounting' retirement reason for this purpose. Selecting it does not itself verify that the reduction sits within the buyer's inventory boundary, or that it has been properly accounted for under the Greenhouse Gas Protocol; Verra does not provide that assurance today, pending its planned Scope 3 Program. Contracts should be careful not to overstate what a Verra retirement record proves.

13. Claims and Retirement Section

The buyer's intended use should be identified early in the transaction, not left to the retirement instruction stage. Some buyers want to retire credits to offset emissions; others want them for corporate inventory accounting; others intend to hold them for resale and have no present intention to retire at all.

The agreement should define the retirement purpose and the retirement instruction mechanics: who instructs retirement, whose account bears it, and what retirement reason is selected where the registry offers a choice. Where the buyer intends to use a retirement for corporate emissions inventory accounting, the contract should be precise about what that retirement does, and does not, establish: the retirement record evidences that a specific unit was retired and by whom; it does not, on its own, verify the buyer's accounting treatment of that unit.

Annexures

The following annexures are drafting and review aids. They are illustrative starting points only and should be adapted to the specific transaction, standard, registry and governing law involved.

Annexure A: Checklist for Sellers

- Confirm the project's registration and issuance status on the applicable registry (Verra Registry or GRID-INDIA, as relevant).
- Confirm the seller's registry account is open, in good standing, and its KYC status is current.
- If closing near a registry transition or cut-off date (see Sections 3 and 12), confirm the transfer can realistically complete before the deadline.
- Assemble the project description/PDD, methodology reference, and validation and verification reports.
- Confirm no prior sale, pledge, retirement or competing claim exists over the credits being sold.
- For issued credits, prepare the serial number range; for future credits, prepare a realistic issuance timeline.
- Confirm corporate authority to sign and perform (board or officer approval as required).
- Align pricing, delivery and payment terms to the tranche structure if the lot is mixed.
- Ensure the registry transfer instruction will mirror the sale agreement's title-passing mechanics exactly.

Annexure B: Checklist for Buyers

- Confirm the buyer's registry account is open and able to receive the transfer.
- Request serial numbers for issued credits, or evidence of the pending issuance request for future credits.
- Confirm the sale agreement contains a clear warranty against double counting and double claiming.
- Decide the intended use of the credits (offsetting, corporate inventory accounting, or resale) before signing, and reflect that choice in the retirement instruction terms.
- Confirm payment mechanics track delivery risk, including escrow for any pre-issuance or pre-transfer payment.
- Confirm who is authorized to give the registry transfer and retirement instructions, and to which accounts.
- Identify which regulatory layer applies (Verra, India's CCTS/CERC framework, or both) and confirm the agreement's compliance-with-rules clause is drafted for the right one.
- Confirm indemnity and remedies are adequate to the title and double-counting risk of the specific transaction.

Annexure C: Broker Mandate Checklist

- Confirm which party the broker represents (seller, buyer, or both) and on what disclosed basis.
- Confirm the mandate's scope, exclusivity, territory and term.
- Confirm the commission structure and the specific event that triggers payment.
- Confirm confidentiality obligations covering pricing, counterparty identity and project data.
- Confirm the broker has no authority to bind either principal absent an express written provision.
- Keep the brokerage agreement separate from the underlying sale agreement, so a commission dispute cannot delay or cloud title and delivery.

Annexure D: Sample Term Sheet

A term sheet should be marked clearly as binding or non-binding (save for the carve-outs typically listed below) and should track the fields set out in the table.

Term	Sample Content
Quantity	[__] tCO_2e (VCUs) / Carbon Credit Certificates (specify unit type)
Standard & Registry	Verra VCS (Verra Registry) or India CCTS (GRID-INDIA Registry); specify
Vintage	[Year(s)]
Asset Status & Serial Range	[Issued: Serial Nos. ___ to ___] / [Pending issuance: expected ___]
Price	[Currency] per unit, [fixed / tranche-based: see Schedule]. If India-linked, confirm compatibility with the CERC Floor/Forbearance price band.
Payment Terms	[On transfer] / [Staged: __% on signing, __% on transfer] / [Escrow: release on ___]
Delivery Window	[Delivery by ___; partial delivery permitted / not permitted]
Issuance Contingency	[Applicable / Not applicable: see clause ___]
Retirement Instruction	[Buyer to instruct retirement / Seller to retire on Buyer's behalf]. Retirement reason: [Offsetting / Corporate emissions inventory accounting]

Term	Sample Content
Binding or Non-Binding	This term sheet is non-binding, save for confidentiality, exclusivity and governing law, which are binding on the parties.
Governing Law	[Jurisdiction]
Confidentiality	Per separate NDA dated ___, incorporated by reference.

Annexure E: Sample Clauses

The following clauses are illustrative drafting starting points for the concepts discussed in Section 10. They are not a complete agreement and should be reviewed against the governing law and registry rules applicable to the specific transaction.

Title and Risk

Title to and risk in the Credits shall pass from Seller to Buyer only upon the Registry recording an accepted transfer of the Credits to Buyer's Registry Account. No transfer of title shall be deemed to occur upon execution of this Agreement, or upon payment alone.

Delivery and Issuance Contingency

Where Credits are subject to a pending issuance request as of the date of this Agreement, Seller's obligation to deliver such Credits is conditional upon and subject to (a) issuance of the Credits by the relevant Administrator and Registry, and (b) completion of any registry, exchange or regulatory process applicable to their transfer. Delay in issuance shall not constitute breach by Seller provided Seller has used reasonable efforts to pursue issuance, save that Buyer may terminate this Agreement as to the affected tranche if issuance has not occurred by [outside date].

Retirement Instruction

Upon Buyer's written instruction, [Seller / the relevant Registry Account Holder] shall submit a retirement instruction in respect of the Credits specifying [offsetting / corporate emissions inventory accounting] as the retirement reason. The parties acknowledge that selection of a retirement reason on the Registry does not itself constitute independent verification of Buyer's use or accounting treatment of the retired Credits.

Warranty Against Double Counting

Seller represents and warrants that, as of the date of transfer, the Credits (a) have not been previously sold, transferred, retired or cancelled, (b) are not subject to any competing claim, encumbrance or double counting under the rules of the applicable Registry or trading scheme, and (c) have not been used to support any other environmental, regulatory or voluntary claim by Seller or any third party.

Annexure F: India Regulatory Note on CERC Carbon Credit Trading

India's domestic carbon market rests on Section 14A of the Energy Conservation Act, 2001 (inserted by the 2022 amendment), the Carbon Credit Trading Scheme, 2023 (CCTS) notified by the Ministry of Power, and the CERC (Terms and Conditions for Purchase and Sale of Carbon Credit Certificates) Regulations, 2026, notified 27 February 2026 and published in the Official Gazette on 3 March 2026.

Institutionally: BEE issues Carbon Credit Certificates (CCCs) and formulates the Detailed Procedure governing transactions; GRID-INDIA operates the Registry and cross-checks bids across power exchanges; CERC regulates the market, approves the Floor and Forbearance price band, and can intervene on abnormal volatility.

Two markets operate: a Compliance Market for Obligated Entities with mandatory reduction targets, and an Offset Market for Non-Obligated Entities such as renewable generators and forestry developers. Trading is mandatory on power exchanges monthly, subject to CERC-approved exchange rules. Bids are capped at registry holdings, and more than three defaults in a quarter bars an entity from CCC dealing for six months.

Open issue for transaction drafting: the CCC Regulations do not resolve the risk of the same generation being claimed as a REC, an I-REC and a CCC. This is left to BEE's forthcoming Detailed Procedure. Until it is issued, India-linked sale agreements should carry an explicit double-counting warranty and should not assume the position is settled.

Primary Sources and Further Reading

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