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TODAY'S IMPORTANT CURRENT AFFAIRS

UPSC PRELIMS

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TODAY'S DROPS OF NEWS:

SUBJECT	IN NEWS
POLITY	---
ECONOMY	---
GEOGRAPHY	---
HISTORY AND ART & CULTURE	---
ENVIRONMENT	Centre finalises National Designated Authority to kick-start carbon market.
SCIENCE & TECH	---
MISCELLANEOUS	---

ENVIRONMENT

In news: Centre finalises National Designated Authority to kick-start carbon market.

Carbon market: A carbon market is a system that allows the buying and selling of the right to emit carbon dioxide (CO_2) into the atmosphere.

- Governments issue carbon credits, where one credit equals 1,000 kilograms of CO2 emissions.
- The idea is to control the total carbon released by limiting the number of carbon credits issued.
- Firms or individuals exceeding their emission quotas must buy additional credits from those who emit less than their allowance. This trading creates a financial incentive to reduce emissions.
- The concept first emerged in the 1990s in the U.S., using a cap-and-trade model to regulate sulphur dioxide emissions.
- Now, carbon markets are expanding to include carbon offsets, where businesses pay for environmental projects like tree planting to compensate for their emissions.

Working of Carbon Markets:

Cap-and-Trade: Governments set a cap on total emissions and issue credits accordingly. Companies that emit less can sell their unused credits to others.
Carbon Offsets: Businesses pay for environmental initiatives, such as afforestation, to offset their emissions.
Price Determination: Market forces of supply and demand decide the price of carbon credits.

Global Perspective and the Role of COP29:

- The ongoing COP29 Climate Conference in Baku has approved standards to establish an international carbon market, potentially operational next year.
- COP stands for Conference of the Parties and it often refers to the United Nations Framework Convention on Climate Change (UNFCCC) international meeting focusing on climate.
- This move aims to harmonize global efforts to curb emissions and align with the Paris Agreement goals.

Carbon Market and Carbon Trading Mechanisms in India:

- **Carbon Credits Trading Scheme (CCTS), 2023:** Introduced through amendments in the Energy Conservation (Amendment) Act, 2022, it establishes Indian Carbon Market **under two mechanisms:**

1. **Compliance mechanism:** Mandatory program for the energy-intensive industries where Government will set GHG emission intensity targets.

♦ Initially includes 9 sectors like Fertiliser, Iron & Steel, Pulp & Paper, Petrochemicals, Petroleum refinery, etc.

2. **Offset mechanism:** A voluntary project-based mechanism for entities not covered under compliance mechanism.

➢ **Green Credit Program:** A market-based voluntary mechanism for trading of Green Credits to incentivise environment positive actions by different stakeholders, established under the Environment (Protection) Act, 1986.

◆ Eligible Activities include Tree plantations, Sustainable agriculture practices, etc.

Other Instruments:

➢ **Perform, Achieve and Trade (PAT) Scheme:** Mandates large energy-intensive industries to reduce their specific energy consumption.

✓ Industries that exceed their targets earn energy saving certificates (ESCerts), which can be traded with those who fall short.

✓ It will be transitioned gradually to the compliance mechanism under CCTS.

➢ **Renewable Energy Certificates (REC) Scheme:** A market-based instrument to promote renewable energy and facilitate compliance of renewable purchase obligations (RPO).

✓ Value of REC is equivalent to 1MWh of electricity.

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