
Regulating voluntary carbon market functioning

Three ordinances regulating the functioning of the voluntary carbon market have been published, as established in the January 5 decree-law.

Portugal - Legal Flash

October 7, 2024



Key aspects

The three ordinances published regulate the following aspects of the voluntary carbon market:

- The fees to be charged for activities that are essential to voluntary carbon market agents, such as opening accounts, registering projects and trading credits;
- The qualification criteria for carrying out the activity of an independent project verifier, such as sectors, requirements and procedures for admission to the role; and
- The general requirements for the electronic registration platform, specifying its required features and the mandatory information market agents must enter into it.



Voluntary carbon market

On January 5 of this year, the Legal regime for the voluntary carbon market (the “**Voluntary Carbon Market Regime**”) was published, establishing the market and defining how it operates. We reported on the publication of the [Voluntary Carbon Market Regime](#) and the adjustments made through the Rectification Declaration of March 5 in the following legal flashes: [Legal Regime for voluntary carbon market](#) and [Rectifications to voluntary carbon market legislation](#).

When the Voluntary Carbon Market Regime was approved, several aspects were left for subsequent regulation by the government. This happened on October 2 with the publication of three ordinances, which we describe below.

Approved ordinances

- I. [Ordinance 239/2024/1 of October 2](#) (“**Ordinance 239/2024/1**”), establishing the fees that the registration platform’s supervisory and management entities will charge in the voluntary carbon market

The Voluntary Carbon Market Regime established fees for a series of acts to be carried out on an online registration platform to be created for this purpose.

Ordinance 239/2024/1 stipulates the fees and conditions for applying them to the following actions:

> **Account opening and maintenance**

All market agents must open an account to register on the platform. Registration accounts are distinct for each agent: project promoters; individuals, and private or public organizations that acquire or use carbon credits; and entities responsible for certification.

> **Registering projects on the platform**

Project registration on the platform aims to (i) facilitate project management and monitoring; and (ii) the public disclosure of the projects, in accordance with the principle of transparency.

> **Carbon credit transactions**

The Voluntary Carbon Market Regime defines “carbon credits” as units emitted for each ton of CO₂e reduced or sequestered by an activity carried out by a carbon project registered on the voluntary market.



One carbon credit corresponds to one ton of CO₂e, calculated based on guidelines established by the Portuguese Environment Agency (“**APA**”).

Carbon credits can take the form of future carbon credits or verified carbon credits, with the possibility of issuing “carbon credits+.”

As in any market setting, carbon credits can be traded between project promoters or other individuals and private or public organizations that want to acquire carbon credits.

> **Approval of methodologies proposed by market agents**

Carbon projects must follow methodologies that establish specific rules for each type, to be drawn up by a technical committee led by the APA. Project proposers can also propose methodologies for project types for which the APA has not yet established a methodology.

The fees stipulated in Ordinance 239/2024/1 are collected by ADENE – Agency for Energy (**ADENE – Agência para a Energia, “ADENE”**), in accordance with the payment terms and conditions it defines.

Under the Voluntary Carbon Market Regime, the fees are automatically updated each year by applying the consumer price index published by the Portuguese National Statistics Institute.

II. **Ordinance 240/2024/1 of October 2 (“Ordinance 240/2024/1”), establishing the qualification criteria for the activity of independent verifiers of greenhouse gas emission mitigation projects and identifying the managing entity of the qualification system for the voluntary carbon market**

Under the Voluntary Carbon Market Regime, carbon projects must be verified by an independent entity responsible for certifying that these project meet the eligibility criteria. This is to ensure that emissions are accounted for and that the necessary monitoring and reporting measures are implemented.

Specifically, the Voluntary Carbon Market Regime requires carbon projects to undergo (i) an initial validation process, aimed at assessing the project’s compliance with the applicable carbon methodology; and (ii) a periodic verification process, aimed at verifying the actual reduction of greenhouse gas emissions or carbon sequestration by the project, based on the applicable methodology and the monitoring plan and report.

Ordinance 240/2024/1 establishes the qualification criteria for carrying out the activity of an independent verifier of carbon projects and identifies the managing entity of the qualification system in the voluntary carbon market.



To this end, Ordinance 240/2024/1 defines an “independent verifier” as a “natural person who, acting individually or on a legal person’s behalf, is independent of the project developer and holds the qualification conferred by a certificate issued by the managing entity of the qualification system in the voluntary carbon market.”

Ordinance 240/2024/1 also (i) identifies the sectors for independent verifier qualification, which are energy, industrial processes, agriculture, land use, wetlands and marine areas, and waste; (ii) establishes the access requirements for qualification, the application procedure, and other steps to obtain the qualification; (iii) establishes barriers to that access; and (iv) regulates the situations where the qualification certificate can be canceled.

ADENE has been designated as the managing entity of the qualification system, under the APA’s supervision.

III. **Ordinance 241/2024/1 of October 2** (“**Ordinance 241/2024/1**”), **establishing the general requirements for the electronic registration platform of the voluntary carbon market**

The voluntary carbon market is based on a platform that is mandatory for all market players, which must allow for the following:

- > Project registration;
- > Carbon credit registration, including procedures for their recognition, issuance, transaction, and cancellation; and
- > Providing information and documentation to the public, particularly regarding:
 - a) covered carbon projects and implementation status;
 - b) issued credits, their status, and their holders;
 - c) agents and actions carried out; and
 - d) market indicators.

However, providing information and documentation to the public does not preclude the confidentiality of certain aspects, and the market agent can send a request to this effect to the platform manager.

ADENE is responsible for developing and managing the platform, under the APA’s supervision.

Ordinance 241/2024/1 establishes several operational aspects of the platform, including the following:

- > Registration and management of market agents through the opening and maintenance of accounts.



- > Registration and monitoring of projects and programs—namely, the initial validation and subsequent periodic verification.
- > Specific functionalities for project and program management by promoters and other involved entities, such as (i) reporting unforeseen changes to the project; (ii) submitting revised project reports when there is a reversal of emissions associated with the carbon sequestration project or program; (iii) project or program cancellation; and (iv) project or program renewal. The platform is also expected to provide a public list of certified verifiers.
- > Issuance, transfer and cancellation of carbon credits, establishing the procedures for each of these actions.
- > Special rules for converting future carbon credits into verified carbon credits. Under the Voluntary Carbon Market Regime, “future carbon credits” are those that are issued before an actual reduction in greenhouse gas emissions or carbon sequestration by the project, based on an estimate submitted by the project promoter and validated by an independent verifier. “Verified carbon credits” are those that are issued after an actual reduction in greenhouse gas emissions or carbon sequestration by the project, also verified by an independent verifier.
- > Management of the guarantee pool, establishing its functionalities for the automatic transfer of credits issued by carbon sequestration projects that contribute to the guarantee pool; the cancellation of existing credits in the guarantee pool following an unintentional reversal of sequestered emissions from a given project or program, at the promoter’s request; and the phased return of carbon credits from the guarantee pool to the project or program promoter upon completion.
- > Submission, approval, and management of project methodology proposals, including making approved methodologies available to the public.

Ordinance 241/2024/1 also establishes the mandatory information to be provided by market agents when registering on the platform, together with the request to open an account, as well as the items that the promoter must include in the registration of carbon projects and programs.

The publication of these ordinances marks another important step in implementing the voluntary carbon market, which is expected to begin in 2025 with the launch of the corresponding electronic platform.



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IS 713573