

ISCA-LawSoc's Sustainability Apex Programme (SAP)

Masterclass 9: Carbon Markets

May 2026

Agenda for today's masterclass...



01

Introduction to Carbon Markets

Explore the purpose of carbon markets and the general concept behind them – how they work and why they came about.

1.1 Emissions Gap and Overview of Carbon Markets



02

Compliance Carbon Markets

Examine compliance and voluntary carbon markets to understand how they interact, including key mechanisms such as cap-and-trade systems and carbon taxation.

2.1 Carbon Taxation and Emission Trading Systems

2.2 Singapore's Carbon Tax



03

Voluntary Carbon Markets

Understand the voluntary carbon market, a typical project development cycle, and how to determine the price of carbon in a voluntary market.

3.1 Exchange of Carbon Credits in the Voluntary Carbon Market

3.2 Benefits of Voluntary Carbon Market



04

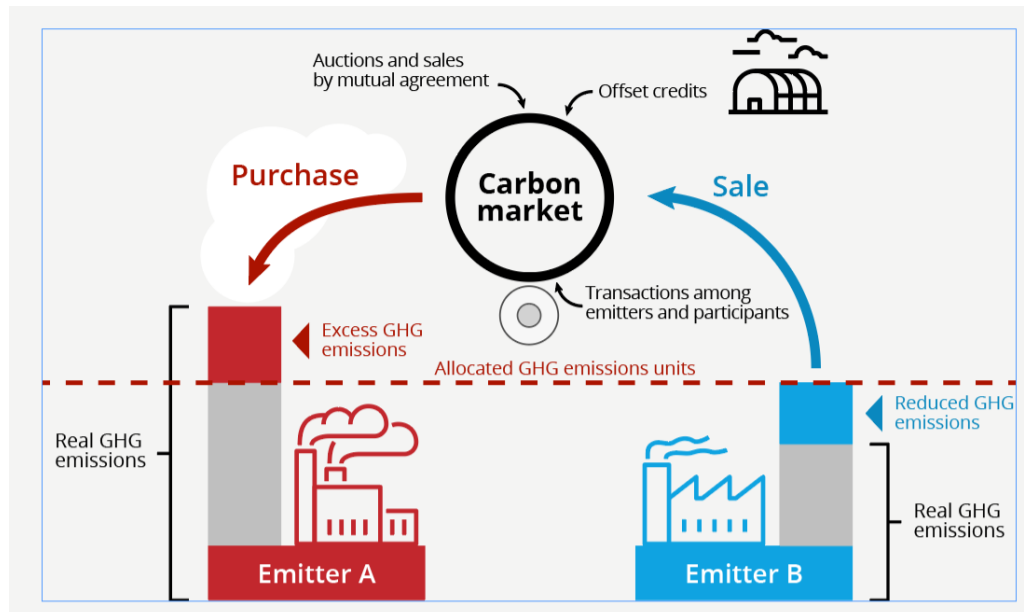
Renewable Energy Certificates

Focus on gaining a comprehensive understanding of Renewable Energy Certificates (RECs), including their benefits, and the various methods of purchasing and production.

4.1 Overview of Renewable Energy Certificates

What are carbon markets?

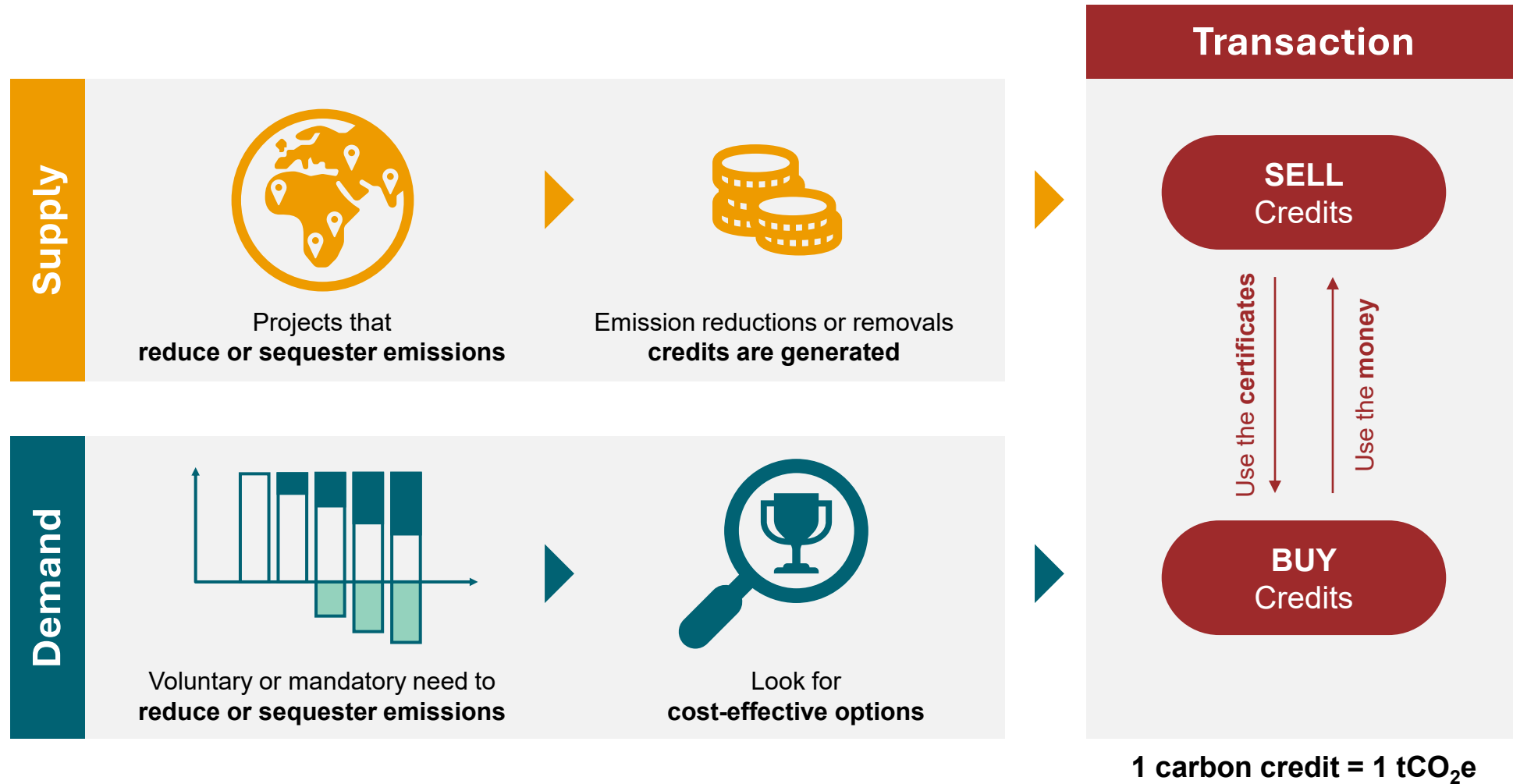
- **Carbon markets** are trading systems where carbon credits are bought and sold. These credits represent the right to emit a certain amount of carbon dioxide (CO₂) or other greenhouse gases (GHGs). The primary goal of these markets is to create a financial incentive for reducing overall emissions, thereby addressing climate change



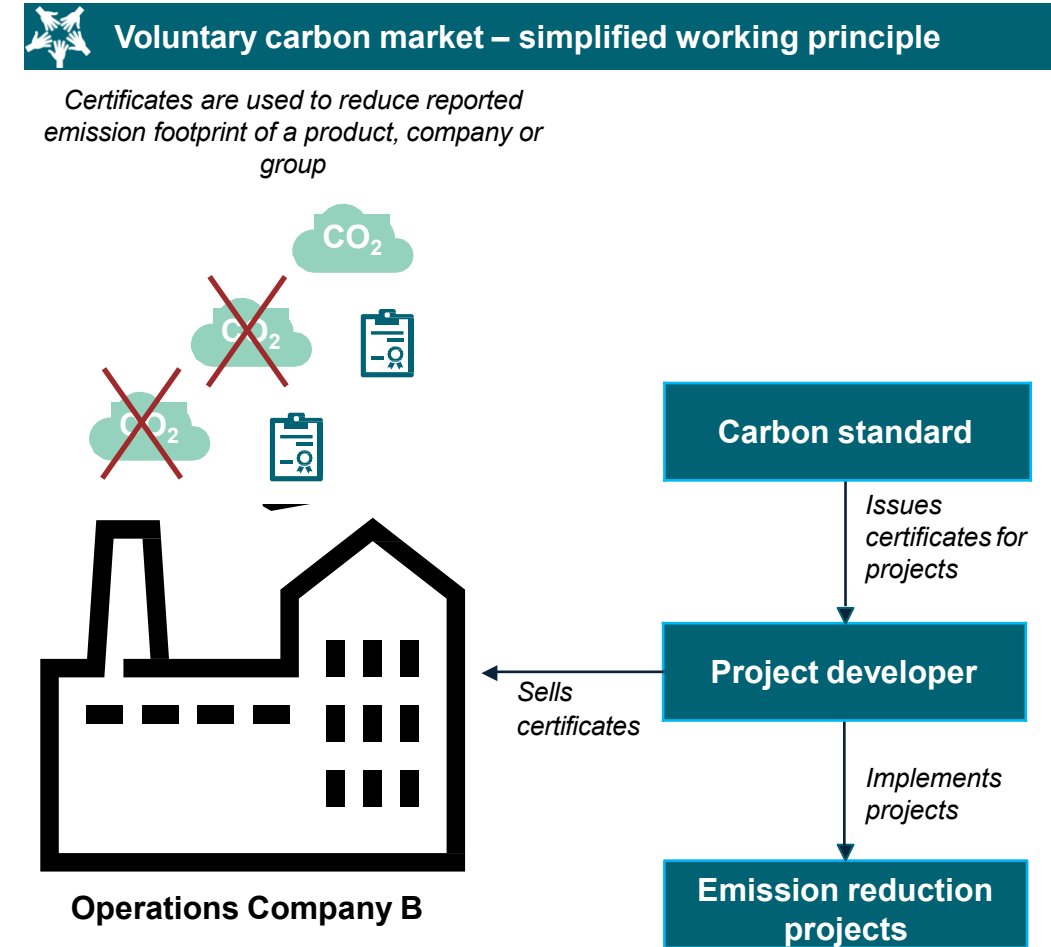
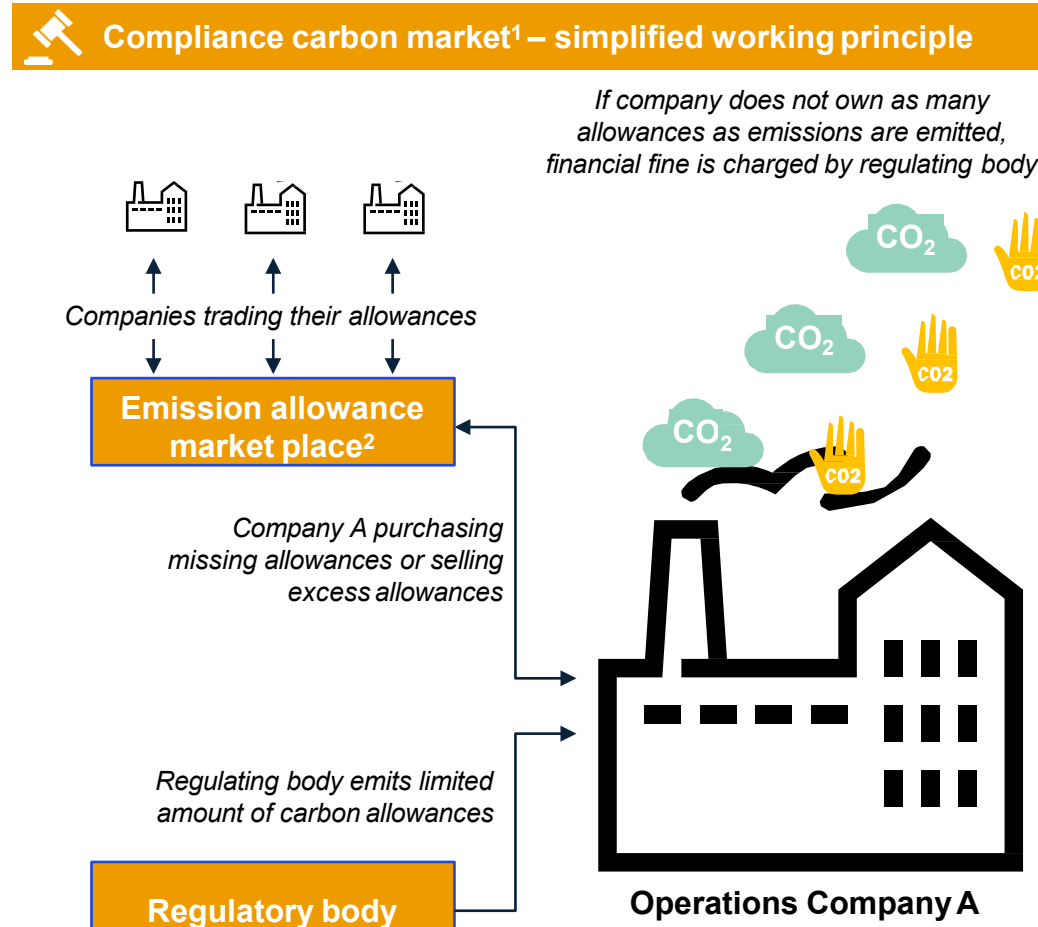
Purpose of Carbon Markets

- The main purpose of carbon markets is to **limit greenhouse gas emissions** through a market-based approach. They operate under mechanisms like **cap and trade**, where governments set a cap on total emissions and allocate allowances to companies or countries. Participants can trade these allowances, allowing those who can reduce emissions more cost-effectively to sell their excess allowances to others who may find it more challenging to cut emissions
- Additionally, carbon markets help to **turn emissions into a commodity**, assigning a price to carbon emissions. This pricing mechanism encourages businesses to innovate and invest in cleaner technologies, as reducing emissions can lead to financial benefits through the sale of surplus credits

The general concept behind carbon markets



Compliance and voluntary carbon markets structure



Notes: 1) This example refers to the mandatory market mechanism “cap & trade”; 2) This can be an emission stock exchange for example where allowances are purchased and sold.

Overview of Renewable Energy Certificate (REC)

1. What is an REC?

Energy Attribute Certificate (EAC) that represents the environmental attributes of the generation of a one-megawatt hour (MWh) of energy produced by renewable sources.



2. Function of REC

They can be used or traded to offset electricity consumption from non-renewable sources.



3. Types of REC

- Wind
- Solar
- Biomass
- Landfill gas projects
- Hydropower
- Biogas
- Geothermal



4. Regulatory Body

NEA have launched a Singapore Standard for the Code of Practice for REC, SS 673.



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