Tutorial on Carbon Credit

Q. 1. What is meant by Carbon Credit?

Ans. It is a tradable permit or Certificate that provides the holder of the credit the right to emit one tone of CO_2 or an equivalent of another green house gas.

Q. 2 What are different types of carbon credit?

Ans. There are two types of carbon credit:

- Voluntary emission reduction (VER): A carbon ~~effect~~ offset that is exchanged in the over the counter or voluntary market for credit.

- Certified emissions reduction (CER): Emission units (or Carbon credits) created through a regulatory framework with the purpose of offsetting a projects emission. The main difference between the two is that there is a third party certifying body that regulates the CER as opposed to the VER.

Q. 3. What is the significance of Kyoto protocol in the Carbon Credit?

Ans. The Kyoto Protocol is the first serious international attempt to the address climate change through the reduction GHG emissions. Through the ~~kyoto~~ protocol signatory nations have legally comitted to reduce emission levels to certain level by 2012. The Kyoto protocol includes both developed and developing countries and in addition to imposing limits or caps on GHG emission it also allows for carbon Cap trading between member

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nations.

~~A~~ Carbon trading allows nations who are unable to meet the reductions targets to purchase carbon credits under ~~a~~ a unified regulatory ~~for~~ framework. The carbon credits can be purchased from other member nations who own a GHG quota that they no longer require or alternatively new credits can be created through the financing of the projects that reduce GHG emission. This provision is referred as Clean Development Mechanism

Q.4 Explain the need of Carbon Credit.

Ans. The significance of carbon credit lies in the benefits it gives in the lowering the environmental pollution. Some of them are:

- Reduction in Green house gas emission:
  Strigency in cap or the upper threshold limit is contributing to lower emission over years.

- Source of revenue for developing nations.
  Developing nations can earn revenue by selling carbon credits to countries with more fossil fuel demand.

- Support free market system.
  The carbon trade market is without any economic intervention and regulation by government except to ~~reg~~ regulate against force.

- Impetus for alternative source of energy:

Threshold limits encourages industries to harness alternative sources of energy and invest in green technology globally or in indigeneous research.

Q. 5- What are different activities Global warming?
As. The different activities Causing global warming are.

1. Burning fossil fuels:
When we burn fosil fuels like coal, to create electricity or power cut outs, we release CO_2 into atmosphere.

2. Deforestations:
Plants and trees play an vital role in regulating the climate because the absorb CO_2 from air and release O_2.

3. Agriculture and Farming:-
Animals produce methane, a green house gas. when live stock are grazed at large scale, the amounts of methane produces is a big contributor in global warming.

4. Expansion of large Scale Industries.
5. Using Aerosols which deplete ozon layer, thereby increasing the surface temperature.

Q. 7. How to measure Carbon Credit, Explain with examples.
Ans. Under cap and trade or emission program a company that is emitting less than its Capped may sell its unused credits to another company that is exceeding its

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emit say, A company has a cap of 10 tons but produce 12 tons of emission. Company B also has an emission cap of 10 tons with emits only eight, resulting in a surplus of two credits company A may purchase the additional credits from company B to remain in compliance.

Without buying those credits, company A would face penalties. However if the price of the credits expressed government fines, some companies may just accept the penalties and continues operations. By raising the fines, regulations can make the buying of credits more attractive, They can also lower the number of credits they issue each year, making credits more valuable in the cap and trade make and creating and incentive for companies to invest in clean technologies once it becomes clear, cheaper than buying credits or paying fines.