

Carbon Removal Certificates - April Price Update

Since its launch in 2019, the price for Carbon Removal Certificate (CORCs) has ranged from €17,5 to €31,6. Each certificate represents 1 ton of carbon that has been removed from the atmosphere and stored for the long term using one of three methods; timber building elements, bio char or carbonated building elements. Figure 1 shows the price development at the auctions that have been held since launch.

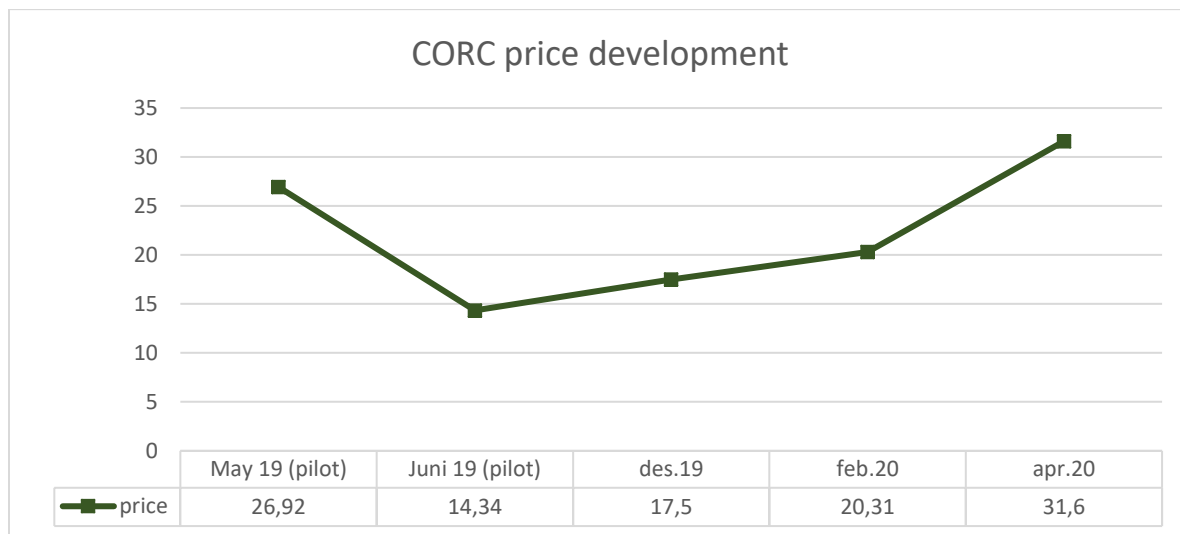


Figure 1

Three pilot auctions were held in May and June 2019, prices averaged €20.63. At the first 'live' auction in December the achieved volume weighted average price (VWAP) was €17,5. Auctions are planned bi-monthly. At the February auction prices increase to €20,31 with a significant volume of over 1000 certificates sold.

The recent April auction held just after Easter saw lower traded volumes but a higher average price of €31,60. Interestingly there was a significant split between the prices for the different methodologies, with purchase bids for biochar at prices up to €40. The volume-weighted average price for timber building elements was €17.

The next auction will be held 8th to 12th of June 2020, then we expect to see larger volumes traded as more actors enter the market and the initial impact of COVID 19 passes. In the meantime, bilateral pre-purchase agreements can be made. For suppliers with larger volumes coming into the market a prudent strategy would be to mix pre-purchase and auction sales.

