

The following summarizes the means by which carbon credits can be issued and sold into the voluntary carbon market. (Note that this summary does not include the sales of “compliance” credits such as those being registered and sold under programs such as the EPA Renewable Fuel Standard and participating state clean fuel standards such as California ARB Low Carbon Fuel Standard or Washington Department of Ecology Clean Fuel Standard.)

Development and issuance of credits

1. **Initial assessment.** Prior to registration, verification, sale, or other actions, the project owner or its designated representative will evaluate the project’s eligibility in one or more of the applicable and recognized carbon standards and protocols, costs, and requirements necessary to obtain verified credits.
2. **Registration.** In accordance with the applicable standard and protocol, projects must be registered and listed in the standard’s registry to establish eligibility and be assigned an account.
3. **Monitoring.** Ongoing metering, monitoring, and reporting is performed throughout the carbon crediting term of the project, and is conducted in accordance with the standard and protocol.
4. **Verification.** Periodically performed by an accredited or permitted third party in accordance with the standard and protocol. This process confirms the project’s or designated representative’s calculations, monitoring, and other representations are consistent with—and in compliance with—the standard and protocol.
5. **Credit Issuance.** Following verification and approval by the standard organization, the credits will be assigned serial numbers and be placed in the standard’s registry. The registry facilitates the transfer (as part of a sale; see below) or retirement of the credits by the owner or its designated representative.

Sale of credits

If the owner or designated representative elects to sell the credits the following paths are available:

- **Direct sale to a third party.**
- **Broker.** Numerous brokers specialize in environmental commodities markets and, specifically, the voluntary carbon market. Brokers do not typically get involved in steps 1 through 5 above, but act solely to bring buyers and sellers together, assist in terms and conditions material to the specific deal, and assist in closing the deal. The seller's credits would typically be fully issued and read for sale. Either party can contact a broker to initiate a broker-managed transaction. Upon completion of a contract under the transaction, the broker will be awarded a brokerage commission, often received from both sides and priced as a percent of the value of the transaction. Brokers offer the advantage of an expert intermediary with broad knowledge of active buyers and sellers, market conditions, and anonymity of the counterparties to eliminate counterparty knowledge bias.
- **Wholesaler.** These entities often serve as "carbon developers" and typically contract for the rights to the credits directly with the project developer/owner. They may be the designated entity acting on behalf of the project developer/owner to manage part or all of the carbon process of steps 1 through 5 above, but are typically not in business to take on the various stages of project development (permitting, financing, equipment procurement, construction, ownership, and operations). They may or may not have a retail sales component to their business, and may or may not be taking long positions on project credits. Wholesalers price below the retail price of carbon credits (or offsets) sold to end users. They may have a diverse portfolio of project types and geographies to extend their presence and reach in the market.
- **Carbon trading platform.** Several internet-based carbon credit trading platforms have been established to facilitate carbon purchases and sales. These offer on-line price transparency, counterparty anonymity, and streamlined transactions for those typically buying and selling fully issued credits and who would benefit from such transactions. The platform will take a percent fee on the transaction. Trading platforms offer less value to those buyers or sellers that value non-emissions attributes of carbon credits (such as economic development, enhancement to local communities, and/or certain Sustainable Development Goals) that are often discovered as part of more direct conversations with the counterparties or their representatives.

- **Carbon retailer.** Numerous carbon retailers have been active in the voluntary carbon market and instrumental in both its supply and demand. They may take on project development and/or carbon development (along with the steps 1 through 5 outlined above), and/or may acquire and sell credits through brokers and wholesalers. Their primary role in the market, however, is to market and sell credits to end-user buyers—typically businesses and organizations looking to purchase carbon offsets for the purpose of making claims against their carbon footprint. Their price represents the highest prices in the market as their costs and risks include managing customer relationships (via marketing and sales), ensuring delivery of the quality and quantity transacted, and maintaining connections (including taking long positions) with sellers. They may hold a portfolio of diverse types and sizes of carbon projects to cater to various client needs.