



Study for the Design of a Web Platform for Trading Green Certificates

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Executive Summary

This report develops a study of the Chilean and international context to then provide recommendations regarding the design of a green certificate trading platform with a view to decarbonization of the Chilean energy sector.

One of the objectives set out in this study is the review of relevant background such as related platforms to capitalize on lessons learned or benchmarks, which can be followed in the development of the trading platform for Chile, in addition to defining the main bases and general requirements of the platform's design and development.

The review of twelve international green certificate trading platforms allowed to identify Carbon Trade Exchange, European Energy Exchange, BVRio Platform and Carbon Offset Platform as referents on good practices and experiences that should be considered in the design of the Chilean trading platform, both at the process and usability level.

It is important to assess the role played by the elements involved in the development of the web platform such as registry, financial intermediaries, banking institutions, green certificate buyers, project developers and a figure that serves as a settlement agent. The interactions between the components may be different according to the evolution of the market and the trading system determined for each stage.

Thanks to the contribution of interviews with relevant stakeholders at international level and considering the current situation in Chile, which has an incipient market with zero liquidity, a possible route was determined that would be convenient to follow for the implementation of the platform taking into account three-time horizons.

In the short term, the development of a trading platform is suggested considering a small-scale voluntary market. An agile trading process should be considered to promote market liquidity, as well as capacity building as a way of preparing for future markets. This will be the first step that will help in the possible revival of the exchange of green certificate ownership that currently exists in Chile, given that there is an important offer mainly of projects related to power generation.

With the implementation of the carbon tax reform, it will be necessary to adjust the platform to support auction mechanisms, if this trading channel is to be enabled, in addition to supporting the operations within the framework of a voluntary market for a first short-term stage.

In addition, in the medium term, it will be necessary to consolidate the platform considering the new market conditions and registry. In order to achieve these objectives, a line of work must be followed together with companies specialized in systems, as well as with market experts.

In the long term, it is recommended to work on trading mechanisms that ensure compatibility with other systems so that interaction with international markets is achieved. This will be done by standardizing the guidelines of the platform to the most common international practices. In addition, if credits run out in the short term, it is possible that new certificates will be issued by the project owners, given that there is great potential.

Based on the recommendations in the short term, the main requirements were established for a platform that supports transactions considering an OTC spot type mechanism (which may present adjustments and modifications). In addition, the main stakeholders, and the way each one interacts with the platform were identified. A proposal for a digital model was also developed and the main associated costs were detailed. These aspects can be modified in future stages of the project, understanding that the Chilean context may have changes in the future.

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