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Demystifying the Carbon Markets | Episode 11

Corinne Boone, Group Head, Americas, Air Carbon

This week, David Greely explores carbon as a commodity with carbon market architect and climate finance pioneer, Corinne Boone. As the Group Head of the Americas for AirCarbon, Corinne is a key player in building smarter market infrastructure to achieve climate targets inclusive of blockchain-backed carbon credits.

Corinne Boone (00s):

You know, I can't emphasize enough, the intermediary needs to understand the financial markets that they're working in, you know, for a carbon commodity, but they also need to understand the projects and the climate change issues that are being addressed. As we get more and more involved in nature-based solutions, this is going to become paramount.

Announcer (17s):

Welcome to Smart Markets, a weekly podcast featuring the icons and entrepreneurs of technology, commodities, and finance ranting on the inadequacies of our systems and riffing on ideas for how to solve them. Together, we examine the questions are we facing a crisis of information or a crisis of trust and will building smarter markets be the antidote?

David Greely (43s):

Welcome back to demystifying the carbon markets on Smarter Markets. I'm Dave Greely, Chief Economist at Abaxx Technologies. Our guest today is Corinne Boone, a true climate market pioneer. Over the past 30 years, Corinne co-founded, built and managed the global carbon brokerage business at Cantor Fitzgerald, executed numerous innovative multimillion dollar carbon market transactions between global corporations and advised on the establishment of large climate funds. Corinne is currently Group Head for the Americas at AirCarbon. Hello, Corinne, welcome to Smarter Markets. You've been such a pioneer in the carbon markets that many people will unwittingly find themselves walking in your footsteps. That's why I feel so fortunate to be able to get to speak with you today about your experiences, the lessons learned and what it all means for us now, like many people getting into carbon markets today, you got involved in climate markets through your work for a large company, Ontario Hydro, which is now Ontario Power Generation, back in the 1990s. Can you start us off today by telling us a little bit about how you got started and what were some of those earliest transactions?

Corinne Boone (01m 52s):

Sure. Thanks very much for having me, by the way. It's a pleasure, pleasure to be here. Sort of really want to start off by saying I kind of got hooked when I was in university. I took an environmental economics course, and that was at the time that our common future, the book, Our Common Future in the Brundtland Commission was coming out and the sustainability became a real topic of the day and understanding that we really need to find a balance between economy, environment, and society, and then learning about the fact that we could price pollution as an economist really, really got, I was hooked after that. I thought I've always been somewhat of environmentalist, but always have wanted to look at these issues and integrate them from a business perspective because what gets measured gets managed. That's always been my, my motto. I was lucky enough when I was went to Ontario Hydro in 1991, that in 1992, I got to work for Morris strong, who was the, the chair of the first United Nations Convention on climate change in 1992 in Rio, came back and started working a lot on climate change and sustainability, as you might know, the Rio Convention led to the actual United Nations framework convention on climate change and the rest is history.

Corinne Boone (03m 02s):

Ontario Hydro at that time took on a lot of voluntary targets for NOx targets. So two targets and carbon dioxide targets and I was part of a group that set up the emissions trading function at Ontario Hydro. We were led by a real visionary someone who you might want to interview in the future a man by the name of Brian Jancy, who really had a lot of great ideas and together as a team, there were, there were four of us in the beginning. We really started to look at ways in which to use the markets to accomplish of our mental objectives or at least contribute to them. We in Ontario, we had the first pilot emission reduction program, which really was a way to look at offset projects, take them through a process for accreditation, for quantification review and then certification.

Corinne Boone (03m 53s):

And that in that actually ended up informing a lot of the north American trading scheme. So the, the PERT Registry, the Pilot Admissions Trading Program became the Cleaner Canada Registry and then the CSA Registry for Canada was used as a model by Reggie, by NASSCOM, various elements are found in it all around the world in offset you know, emission reduction registries. I would've ventured to say that some of that, you know lent its way into some of the registries that we see today. Some of the early trades that we did, I mean, we did some trade for Richard Sanders in his group. At that time, they were called Environmental Financial Products, for example, and that was a, that was a big trade that was in 1998, that was called ZAPCO. We purchased a million tons of carbon credits from 22 landfills across the United States.

Corinne Boone (04m 43s):

And that had a real impact on the way in which going through the process of creating the credits and getting those credits quantified and then monetized by selling them to Ontario Power Generation at that time was really a monumental moment in Richard Sanders writes about it in his book and it's one of the big, big transactions and in talking to one of my colleagues the other day, we said it was really one of the trades that influenced the decision to look at ways in which to go forward with the Chicago climate exchange. We also were doing trades as part of consortium with the Iowa Farm Bureau in the United States, we were purchasing credits from advanced agricultural practices. We actually did a transaction with DuPont in the 1990s, which led to a transformation in a lot of their technology, and it was an N2O destruction transaction.

Corinne Boone (05m 30s):

So that was one of the six gases in the Kyoto protocol led to DuPont changing their technology around the world and reducing their carbon emissions associated with one of their production processes. We did smaller trades like car heaven, where we worked to have cars retired across the province 260,000 of them, a lot of energy efficiency trades, a lot of landfill gas trades across Canada and all of these transactions are documented in the Canadian, the CSA Registry here in Canada, way spanning way back from the early 90s. You'll see if you go into that registry, all of the transactions and then the last trade that we did that I was involved with just before I went to my next position was we began a transaction with the big company in the United States that was capturing carbon along its CO2 pipelines in West Texas and then eventually in Wyoming and that company was then called Petro Source and became to have its current name, which is Blue Source.

David Greely (06m 28):

It's amazing because if you told me those trades were happening today. I wouldn't blink an eye to know that they were happening in the, the late 1990s. It's amazing and as you said, some of your trades laid the groundwork for the path breaking Chicago climate exchange, and I'm curious, you know, you were working on many of these large transactions, but how was the overall market developing at that time and what were some of the obstacles that you found yourself encountering?

Corinne Boone (06m 56s):

I think one of the biggest challenges that we found at that point in time is that everything that we were doing was voluntary you know, there was a lot of, I don't say market speculation, I say speculation and, you know, the thinking was that we are going to be living in a carbon constrained future and there will eventually be regulation towards that end. So what can we as industry, you know, those that were forward thinking at the time, you know, there were some companies and industries that were saying, we just have to keep the doors open. We will worry about regulation when regulation happens and there were other companies and institutions and others that really wanted to be early movers and have some influence on the way in which the markets developed, but, you know, the big thing is that it was all voluntary at that point in time.

Corinne Boone (07m 38s):

It was being done in the absence of regulation, you know, but it did create a lot of momentum, you know, the Chicago climate exchange itself, you know was the first real attempt at a trading platform which I will probably restate in another way when we talk about my next our position, which brought together over, you know, 400 participants, they had clearing and settlement, they had a database of all the transactions, you know, it really led to a lot of momentum. They all took on voluntary commitments, but, you know, by 2008, 2009, you know, it was all collapsing because there was a lack of political will the Us had not implemented any regulatory backbone for that and the participants ultimately lost interest in trading in a voluntary market where they didn't foresee regulations coming and that was eventually sold. The exchanges eventually sold us as you probably discussed with others before.

Corinne Boone (08m 29s):

But what it really did create was momentum in the absence of, you know, a lot of momentum in the United States, for example, it led to the development of a lot of experience by those that were participating, both buyers and sellers and brokers and traders and project developers, you know, early action led to a better understanding of what was needed in the policy front, but just like in Canada, we had a very similar experience. You know, there was a lot of voluntary action in the 90s leading up to the mid-2000s, you know and sort of everything kind of came to a halting grind, you know, 2005, 2006, 2007, because there was no policy certainty, Kyoto protocol, you know, all of those issues around the US not adopting it, et cetera. So really what was missing back then was any sort of regulatory certainty and any real big financial player involvement, other than a few big companies that really saw this as a potential market.

David Greely (09m 24s):

And that's such an important contrast today, because as you said in the, the late 90s and early 2000s, much of what was being done was as in anticipation, that you would get the government policy and regulations coming and you'd have like these larger, robust compliance markets being formed and of course that didn't happen, but you know, now you've got much more the net zero commitments, the stakeholder activism, the ESG movement, where it seems almost, it's not necessarily private sector moving in anticipation of public sector, but sometimes private sector moving because it's afraid public sector won't or won't move quickly enough.

Corinne Boone (10m 02s):

Yeah. You know, I think the big difference from my perspective is that we can now see, you know, we, we always talked about the, you know, what might be the damage from, you know, from global warming, you know, there are always kinds of, you know, all kinds of theoretical discussions and the IPCC scientists talking about, you know, the, the earth is warming, global warming is gonna cause damage and, you know, there is risk and we need to address it. But I think the difference between when that was being said in the 90s and, and still now to an extent is that we're actually seeing the damage. We can see, you know, the damage from severe weather events, from floods, from droughts. We, we actually can put a value on it if you look at the insurance, the way insurances companies do their valuation and we can look at losses of residential, commercial, industrial institutional, we can actually see this damage, and it's not just a theoretical risk anymore.

Corinne Boone (10m 56s):

It's a reality and corporations are saying, we need to do something about this, this, you know, if we want to be here in the future and be conducting business in a sustainable manner we need to address climate now. For me, the game changed when institutional investors grabbed onto that concept and said, you know, if you're not doing something about climate, we're not investing in you and when, you know, net zero pledge just started to become, you know, more and more, I guess the, the question now is, is to be able to make sure that net zero pledges, aren't just pledges and there's real action behind them.

David Greely (11m 31s):

Right and that's why I think your experience is so helpful and I want to want to go back in time again a little bit, because back in 2000, you then went to Cantor Fitzgerald and you were co-founding their climate change mitigation, brokerage company, CO2e.com with a focus on the global carbon markets and I'm fascinated, you know, when you were starting this, what was your vision for that brokerage company and who were your clients and what did you see them needing from you at the time?

Corinne Boone (12m 03s):

Yeah, it's, it's very interesting. I mean, I was just going back through my, my notes from back then, and, you know, I have to say you know, CO2e.com was spun off from Cantor Fitzgerald in early 2000, Cantor Fitzgerald itself one of the biggest financial services companies in the world, you know, was heavily involved in the NOx and SO2 and other environmental attribute markets that were highly regulated in the US, leader in the SO2 markets, for example, but Carlton Bartels, who was the CEO of CO2e.com and, and the Head of the Environmental Brokerage Services at Cantor Fitzgerald at the time he had a real vision. He was saying back in the late 90, early 2000 that the carbon markets could be the largest commodity market in the world. Like he was saying that in the 1990s, in the early 2000s.

Corinne Boone (12m 54s):

And it was his vision that led to the establishment of CO2e.com and I was one of the founders along with many others, sadly, many of them perished in 09/11, including Carlton Bartels, but we founded CO2e.com and we launched it in the hag at a UN climate convention. The co-founders were Carlton Bartels, Steve Drummond, Adam White, Stuart McCarthy, Nicholas, Nicholas in the UK, still doing lots of interesting carbon stuff and you know, again, he predicted that this would be the largest commodity Carleton predicted this and he

really wanted to, but he saw the challenges, you know, he really said, okay, if, if we want to be successful at addressing climate change we have to figure out how to do this in a more transparent, more liquid, more efficient manner and so his vision was to create CO2e.com, which was an electronic trading platform, not an exchange, but an electronic trading platform for offsets and for allowances.

Corinne Boone (13m 55s):

And it was state of the art back then. I mean, some of the big trades, you know, that, that we did Carleton did trades from 1997 up to 2000, a lot of small, lot of big and then CO2e.com was formed in 2000. Our first big trade was the Petro Source trade that we started, which was the 1.5 million tons, big deal back then in the year 2000, then we did another big trade with them, which was 9 million tons and that was a trade that I brokered through to with Blue Source and I believe that is the largest actual carbon trade. I'm not sure if it still is to date, but I think it might be one of the largest carbon trades that exists for offsets. We did transactions with TransAlta, Big Canadian Electricity Company with the Chilean agricultural product producer, big methane capture from animal waste.

Corinne Boone (14m 43s):

We did transactions in landfills with Chilean clients, developing carbon methane capture at landfills transacting into, you know, Japan into Europe. We did transactions with wood waste producers that were selling again into Japan. We did transactions with a huge Ecuadorian company that was selling animal waste, you know, methane captured from animal waste again, and then turned into compost and we did trades with through a company called Eco Invests who I'm not sure if you're aware of, but it's actually sort of the company where I met Bill Pazos, who is my current colleague. I did transactions for he and Carlos Martins, who is our Brazilian colleague at the ACX Brazil and we did some transactions in hydro and sugar cane, et cetera. So many transactions were happening. Most of them at that point in time were into the clean development mechanism market because of the seat of the Kyoto protocol, but lots of activity during those days.

David Greely (15m 42s):

And for people who don't understand the role of intermediaries in some of these markets, as well as obviously you've experienced, how that exchange work for bringing together you know, it sounds like the project developers bringing together those, whether it was governments or companies that were looking to obtain, you know, some of the credit for the carbon reductions that were occurring, what was the role of the intermediaries and bringing those together, and, you know, maybe you could walk us through one of those deals.

Corinne Boone (16m 11s):

Sure, sure. No problem. You know, basically the way that CO2 e.com moved forward as a business post 09/11 was really in the OTC market you know, my job at that time with Cantor Fitzgerald is I was Head of Origination Globally. So I was head of the offset or carbon credit creation part of the business. There was a whole other arm of CO2e.com that transacted in the allowance markets and specifically in the European Union Commissions Trading Scheme. So in my role, I had a team of, I think we had about a 100 people on our team that were looking for projects and helping clients to get them from project concept or idea right through to successful education execution of a transaction, and then delivery of carbon credits and then delivery of payments. So essentially I would work with clients who in, you know, in Chile, in Brazil.

Corinne Boone (17m 03s):

And like I said, in Ecuador, in Mexico, and even Canada in the US that had ideas and opportunities for projects at landfills at agricultural facilities, even some nature based solutions, renewable energy, because renewable energy was viable carbon credit project back then helped them quantify, you know, develop a baseline for a project, you know, because, if you're gonna be a good broker in the OTC market at that time, and I think still now you need to understand the market. You need to understand, but you also need to understand climate change, and you need to understand how to create a carbon credit project, because there is a lot of challenges that you face throughout a project and if you just land on a project developer's doorstep and say, I want to sell your credit so I can get you eight bucks, then you're not a good broker because you have to make help them to ensure that all of their documentation from project idea and concept through to the development of a protocol through, with an accepted methodology, through to submission to a registries, to making sure they get through the certification process and coordinating a lot of that, getting, helping them to get their projects verified and then helping them to figure out who to use for annual monitoring and verification and then undertaking the actual transaction and helping the buyer and seller get to an actual contract that works for both of them.

Corinne Boone (18m 23s):

Because as you know each party, the buyer and the seller wants what they want and the role of the intermediary is to find that sweet spot in the middle where the buyer you know, gets the carbon credits that they're looking for at a price in which they're willing to accept and the seller gets to undertake their project and sell their credits to, at that point in time, very much, it was part of the financing needs for the project. So really helping the buyer and the seller come to that point in the middle, where they can get to a deal and deliver the credits, whether it's through upfront payment, whether it's through, you know, we would use all the tools in the market. Sometimes we, most of the time we were doing forward transactions, sometimes we were doing options. Sometimes we're doing put, sometimes we were doing calls, you know, a lot of sophisticated transactions and, and, you know, and it was really the role of the intermediary was to understand that and help the clients get to a place where they both walked away happy. They had a long-term relationship, one had carbon credits and one had revenue for their projects.

David Greely (19m 23s):

That's so helpful and today, you know, we see intermediaries in the carbon markets helping to create long term transactions between the project developers and those end users of carbon credits. We also see short term trades occurring in carbon offsets after they're created and I'm curious, you know, from your perspective, what similarities do you see between what's happening now and what was happening back then and you know, what tools that were developed back then, do you still see in use today or can we still use today?

Corinne Boone (19m 58s):

I mean, I think maybe I will start with the easier part. I mean the short term transactions or the spot market is easier. If the carbon credits are issued, it's easier to an extent and you know, we'll get to that maybe later on in the discussion, which is where the role of exchanges you know, and like air carbon come in is that they offer a lot more access to project developers that have carbon credits that have been issued or in the spot market and they just want to sell. It's a lot easier to sell spot market credits in general, even if it's over the counter, because they're issued, there's a lot less risk, less risk associated with them a buyer knows that the carbon credits are issued. They just have to agree to contractual terms, make payment, take delivery, and go forward. It's the forward transactions, you know, where, you know, now we're seeing a lot of transactions with companies such as one that you're involved in like base carbon and with others where you're, to some extent you're funding projects that will happen in the future.

Corinne Boone (20m 56s):

You know, you're paying up front for a stream of credits that if everything goes well, you will get, and you know, there's gonna be some risk throughout that. So, you know, I think it's still very expensive to undertake these forward types of OTC transactions. See one of the big barriers that, that companies such as base carbon and others have addressed in the project based offset market for forward future tons is that one of the big challenges for project developers in the past and I think it still exists and I think it's a gray area that doesn't get discussed much, but really needs to be discussed is that project developers end up giving away the farm, so to speak, to get their project financed, but through the sale of carbon credits, to some extent, you know, some offset project development companies will come in and say, I'm gonna help you develop your carbon credit project.

Corinne Boone (21m 46s):

This is a fee I'm gonna charge you for marketing or brokerage, not marketing, but you know, transaction of these tons, but then there's all these other costs in the middle, you know, to get your protocol developed, to develop a contract, to do the verification, to do the monitoring, and that's gonna cost X, you know, I've seen it be as much as 20% to 30% of a project in terms of the revenue stream in the past, which in my view is not acceptable and a lot of project developers lost years of streams, of revenues as a result of having to pay you know agree that pro offset project developers would take this payment for developing these projects and then transacting these projects and that sort of led to a lot of mistrust in the market for example, I've been involved in many transactions where the sellers have just said, or the product developers that had the actual projects, who've said, it's not worth it for me to go through this process to maybe not get anything at the other end and to lose a lot of money. Organizations such as Base Carbon are upfront paying and agreeing on terms for what you'll get in the future and I think that's, that is a very positive change but it's still very expensive and it's also very time consuming. If you're doing it a typical over the counter transaction, you still have to negotiate a contract. You still have to go through all the process of getting your methodology accepted. If there isn't one of getting your project registered, there's a huge bottleneck in the registries, there are particularly because there's so much activity a lot of the registries don't have common rules and requirements, even vintages to some extent there's some, you know, disagreement around that, but there's also, you know things have changed a lot. Nest zero pledges are a reality now and they weren't before and so that actually leads to a lot of positive opportunity. You know, there is a lot more will other than just political will to try to get to a good deal.

Corinne Boone (23m 41s):

Some of the things that we can, we can take forward and the tools that have been developed that we should really take advantage of is there were master mission reduction, purchase agreements developed in the 1990s and 2000s and air carbon exchange has one, for example, and Ida, the international missions trading association has developed one and they should be the base of any carbon credit transaction, because a lot of people who have spent a lot of time in these markets at every point in the market have come together to develop a document that actually can be used to form the basis for a transaction. Registries, you know, we should have learned lessons around registries there's again, I think I mentioned there's a huge bottleneck and there's a lot of fragmentation, there is not much fungibility and again, I think I made the point earlier that local communities and the project developers need to be sure to benefit from these projects if they are to go forward. And there's the other thing I think that I would really like to emphasize is there's so much experience, you know, from the CDM market that seems to have been forgotten. You know, there were almost 8,000 CDM projects and billions of tons of carbon credits that transacted in the CDM market and we can take lessons from all of those methodologies that were developed. So those are things that I think we should do.

David Greely (24m 58s):

Yeah. And it's so important that we don't spend our time reinventing the wheel and having to, to learn hard lessons all over again

Corinne Boone (25m 07s):

We actually reinvent the wheel a lot in this. And I guess maybe that's that is one thing that I think, you know, we should take a lesson from and try to, you know. I actually think there's a need for a study where we bring together the learnings from all of those and say, what could be the good things we could take from all of that forward when we come out of Glasgow with the new institution,

David Greely (25m 27s):

That's a great idea and I really need to second the lesson you kept pointing to, which is that in a lot of these, you know, longer term arrangements, they need to be more than arrangements. They need to be real partnerships and, you know, as you said, Phil Hardwick, who was one of our guests the COO at Base Carbon emphasized that when you're in these relationships that are gonna be transactions occurring, you know, over more than a decade, you need to make sure that there's, you know, rewards for everyone and as you emphasized with intermediaries, it's not about one side winning everything. It's about everybody coming to a point where they're getting their fair share of, you know of what they need and what they want.

Corinne Boone (26m 05s):

Yeah, and, and I mean, you know, again, you know, can't emphasize enough, the intermediary need to understand the financial markets that they're working in, you know, with, for a carbon commodity, but they also need to understand, you know, the projects and the climate change issues that are being addressed as we get more and more involved in nature based solutions. This is gonna become paramount.

David Greely (26m 24s):

Yeah. And, you know, maybe I'll come back one more time, because I think you may have answered this already, but you know, I just wanted to try to put a point on what role do you think that intermediary should be playing in the carbon markets to make the markets as a whole, not just the intermediary, but the markets as a whole successful. So I know you've emphasized part of it is them, you know, really understanding both the physical business, the science and their clients but I'm curious if there's any other things that would stand out to you.

Corinne Boone (26m 55s):

I guess you know, and, and I sort of differentiate sort of exchanges from intermediaries, but you know, again, I can't emphasize like what you just said, understanding, you know, the market and the climate issue, understanding the needs of the clients too. I mean, not all clients have the same needs, there's a lot of project or developers out there that really don't need money to finance their projects. They just want to sell a stream of carbon, which then calls into question all of these issues around additionally, right. But you know, but there are some carbon, some project developers out there that really need the money and oftentimes need the money up front to actually develop the project and, and they also need help you know, we, we hear about carbon credit projects and the potential to sell carbon credits and make money that can finance projects and a lot of these projects, can't meet a certain hurdle rate, but then you say to them, okay, well, I'm gonna be your intermediary.

Corinne Boone (27m 47s):

But you're gonna have to develop a protocol. You're gonna have to, you know, do a baseline. You're gonna have to submit it for verification, you're gonna have to do monitoring you're to submit it to a registry, you have to sign an agreement and negotiate it. You have to annually monitor and they're like, what like I don't, you know, so the role of the intermediaries is to help clients understand, like, understand what all of this involves, because it's not rocket science, but it's not easy, right. In order to get to a successful carbon market transaction, there's a lot of work involved, you know, from buyers, from sellers, from intermediaries, from consultants that do, you know, good project documentation from consultants that do monitoring and verification reports and then the whole registry review process and so really understanding that, and you know, we need to understand this because it's not gonna change. There's always gonna be an OTC market because we want good carbon credit projects to go forward and that means there's always gonna be a forward market.

David Greely (28m 47s):

You raised a great point of so many people that are, you know, in the project development space, you know, they come to it from the, the mindset of a scientist or an engineer or a conservationist and they don't necessarily know nor should they know, like they're not lawyers necessarily. They're not financial market, you know, not familiar with financial market regulations and procedures and so there's also this process to bring together those different types of knowledge and those different ways of thinking to make these markets successful and, you know, I wanted to close out today. I we've talked so much about the past, you know, 20 plus years, but today your group head for the Americas at AirCarbon and I was curious, how do you see this ecosystem of exchanges, spot exchanges, like air carbon and other intermediaries developing and where do we need to go next if we're are going to create markets capable of meeting the commercial needs of the net zero movement.

Corinne Boone (29m 44s):

You know, just like, I think maybe go back to almost the beginning to the end I mean, it's just like what Carleton Bartels was saying, you know, with his vision for CO2e.com, he recognized the need and Richard Sander to some extent as well, because he recognized the need to make enable these markets to be highly liquid by putting them on electronic trading platforms or putting them on exchanges, much of which had many similarities because the typical OTC market is not transparent, it's not efficient, it's expensive, it takes a long time. Sellers don't have access to a full market, you know, and on and on and on and you know, when I was approached by Bill Pazos about potentially joining AirCarbon, I was like, this is a breath of fresh air, because this is what we've been talking about forever.

Corinne Boone (30m 29s):

You know, the need to facilitate, you know, the possibility to have a highly liquid fungible, efficient, transparent, trackable, traceable, carbon market and AirCarbon exchange. That's exactly what AirCarbon exchange does. So you bring together two great minds of industry, Bill Pazos who understands climate change, Tom McMahon, who understands financial markets. You bring them together, they have a vision and they develop a electronic Blockchain based exchange and the beauty of the Blockchain is that there's always a historical ledger of each and every transaction. So transparently exists immediately. It also, you know, exchanges also open up a whole new world for sellers and for buyers instead of negotiating through a lawyer or through a product developer with maybe, you know, one or two potential buyers that were, you know, identified and contacted through a term sheet, you know, that then takes months to negotiate.

Corinne Boone (31:26):

They just onboard onto Air Carbon exchange you know, once they've got, you know, if they're in the spot market and you know, we can talk a bit more about the futures, but, and they've got immediately, they've got access to a whole realm of potential buyers, if they're a seller and on the other side, you know, and they've all been cleared, they've all gone through know your client process. They've all, you know, there's a trustee in the middle, AirCarbon exchange is bankruptcy remote. So there's, you know, the risk is pretty much taken out of the equation for both buyers and sellers. They can go in, they can, you know, if you look at our, our trading platform, the exchange, every token that we develop on AirCarbon exchange is asset backed by a ton of carbon. So it's real.

Corinne Boone (32m 11s):

We use the Blockchain for good. We use it to actually be able to trace transactions clear, immediately transaction settles the buyer, the seller delivers the buyer pays and everybody is whole and it happens, you know, the, a transaction can clear within seconds on a carbon exchange instead of within months or even sometimes years in the OTC market, but the other thing is, you know, regulation will be key, you know, as you've seen and we've all heard recently, there's the SEC has come out, you know, talking about reporting and disclosure, you know, there've been all kinds of calls for regulation in the carbon market. Canada is looking at different ways of

regulation. Europe is already regulating carbon, so there's, you know, we are gonna be in a regulated market. So the use of market tools such as exchanges is an obvious and natural way to go.

Corinne Boone (33m 01s):

And, you know, as we, we look at, you know, the forward market, even the CDM market currently, but the forward market for Article 6.4 or Glasgow exchanges can link up domestically and internationally to each and every exchange, whether it be a developing country, any country that has a compliance obligation that is allowing for carbon credits to be transacted internationally as part of their, their requirements. We can link up to that, but exchanges really add an extra level of credibility to this market and speed efficiency and transparency and quality and it's really the way of the future and carbon will be a commodity and carbon will be the largest commodity market in the world. It could even be its own asset class.

David Greely (33m 46s):

Thanks again, to Corinne Boone, a true carbon market pioneer and current Group Head for the Americas at AirCarbon. We hope you enjoyed the episode. Join us next week with our guest Barbara Baarsma CEO of the Rabo Carbon Bank, which is working with clients to accelerate sustainable food production through regenerative farming and other initiatives that reduce and remove carbon emissions from the atmosphere.

Announcer (34m 09s):

That concludes this week's episode of Smarter Markets by Abaxx. For episode transcripts and additional episode information, including research editorial and video content, please visit smartermarkets.media. Smarter Markets is 100% listener-driven. So please help more people discover the podcast by leaving a review on Apple Podcast, Spotify, YouTube, or your favorite podcast platform. Smarter Markets is presented for informational and entertainment purposes only. The information presented on Smarter Markets should not be construed as investment advice. Always consult a licensed investment professional before making investment decisions. The views and opinions expressed on Smarter Markets are those of the participants and do not necessarily reflect those of the show's hosts or producer. Smarter Markets, its hosts, guests, employees, and producer Abaxx Technologies shall not be held liable for losses resulting from investment decisions based on informational viewpoints presented on Smarter Markets. Thank you for listening and please join us again next week.