

MARCH 5TH, 2024

SUBJECT

Voluntary Carbon Market

RELEVANT LEGISLATION

Decree-Law no. 4/2024, of January 5th

CONTEXT

The legal framework for the implementation of a voluntary carbon market has been in force since 5 January 2024, as established by the law under discussion.

The aim is to create the conditions for the development of instruments that will help to respond to the national and international commitments made in the fight against climate change, namely the Paris Agreement, the Roadmap to Carbon Neutrality 2050, the National Energy and Climate Plan 2030 and the Basic Climate Law.

SCOPE OF APPLICATION

Decree-Law 4/2024 establishes **the eligibility criteria for projects that can generate carbon credits** on the Portuguese voluntary market, which must be developed on **national territory** and promote the reduction of greenhouse gas emissions, contributing to the path towards carbon neutrality.

WHAT ARE CARBON PROJECTS?

These are projects that (i) promote the reduction of greenhouse gas emissions or carbon sequestration in accordance with the eligibility criteria and carbon methodologies defined in this law, (ii) have not been submitted to other similar market systems (national or international), (iii) are subject to initial validation and periodic verification processes, and (iv) are registered on an electronic platform created for this purpose.

WHAT ARE CARBON CREDITS?

Reductions in greenhouse gas emissions or carbon sequestration achieved through carbon projects generate carbon credits.

HOW ARE CARBON CREDITS REGISTERED?

Each carbon credit corresponds to one tonne of CO₂, and these credits are **valid indefinitely** (if they are not cancelled) and can **be traded** on the voluntary carbon market.

Carbon credits can be used to **offset emissions** or **make contributions in favour of climate action**.

ENTRY INTO FORCE

The registration of projects and carbon credits, as well as their issuance, are carried out through an electronic platform that aggregates information on carbon projects, credits issued, market agents, transactions and credit status.

The development and management of this platform is the responsibility of the **Portuguese Energy Agency** ("ADENE"), under the supervision of the **Portuguese Environment Agency** ("APA, I.P.").

The Decree-law came into force on 6 January 2024 and the registration platform is not yet operational.

André Rei

amr@paresadvogados.com

Francisco Ribeiro de Almeida

fra@paresadvogados.com