

Press Release

EDF Report Unveils Roadmap for Unlocking Business Value in India's Carbon Market

New Delhi – March 26, 2025: India is progressively transitioning from the Perform, Achieve, and Trade (PAT) scheme – which focused on energy efficiency – to the Carbon Credit Trading Scheme (CCTS), which broadens the scope to GHG emissions reductions. As India's CCTS evolves, businesses have an important opportunity to integrate carbon markets into their corporate strategy, states the new report from Environmental Defense Fund (EDF).

As India embarks on a transformative journey towards a low-carbon economy, this report examines how a well-designed Emissions Trading Systems (ETS) can drive significant emissions reductions while simultaneously enhancing economic performance, fostering innovation, and boosting international competitiveness.

The report, *“Unlocking Corporate Benefits in Emission Trading Systems (ETSs): Opportunities for Businesses in the Indian Carbon Market”*, draws on learnings from other markets and states that ETSs have successfully driven emissions reductions across multiple sectors, do not negatively impact economic performance, often improve firm competitiveness, and encourage investment in energy efficiency, research & development (R&D), and low-carbon technologies. The report provides strategic guidance, and essential clarity for the nine Indian industry sectors participating in the emerging Indian Carbon Market (ICM) - formally known as the CCTS - transitioning from the PAT Scheme.

The report explores critical design elements of the CCTS – including its intensity-based emissions targets, carbon credit allocation, and price management mechanisms – and how corporate decision-making and business performance can realise the full value of CCTS.

The report also provides crucial insights into the key design elements of India's CCTS – including emission targets, allocation mechanisms, price management tools, and regulatory certainty – that shape corporate strategy and investment decisions. To mitigate risks like market volatility and regulatory uncertainty, the report explores the proposed CCTS mechanisms such as floor and forbearance prices, a possible market stability reserves, and simplified compliance structures.

“What sets this report apart is its focus on the intersection of carbon market mechanisms and corporate strategy in India, specifically highlighting how Indian industry can leverage these mechanisms. It offers a blueprint for industry stakeholders, making it an essential resource for understanding and capitalizing on the emerging opportunities within India's evolving carbon market,” said Hisham Mundol, Chief Advisor, India at EDF.

Effective ETS designs have driven emissions reductions of up to 7-15% in regulated sectors, while



also unlocking significant cost savings, fostering technological innovation, and bolstering competitiveness in global markets.

“Our findings underscore that an effective ETS is far more than just a compliance tool – it is a strategic lever for companies to achieve operational efficiencies, reduce costs, and drive low-carbon innovation,” said Pedro Barata, AVP Carbon Markets & Private Sector Decarbonisation at EDF.

EDF’s comprehensive study serves as an essential resource for corporate leaders, policymakers, and financial institutions, paving the way for strategic investments in low-carbon technologies. The report is expected to catalyze a broader dialogue among stakeholders on how to navigate the evolving carbon market.

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About Environmental Defense Fund: A global non-profit, Environmental Defense Fund (www.edf.org) collaborates with governments, NGOs, research and academic institutions, corporates and others to support and advance India’s vision of shared, sustainable prosperity. We combine scientific and economic foundations, a broad network of partnerships and a pragmatic approach in support of India’s ambitions. Our areas of interest include demonstrating the viability of sustainable livelihoods in agriculture, livestock and fisheries; establishing the shareholder value potential through responsible business; informing the potential and design of carbon pricing mechanisms; and catalyzing the climate technology ecosystem in India.

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