Transcript from CMI's Carbon Conversations event: Market Update, Global Developments, Local Action
Held Friday 6th August, 2021
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Gloria Karaiskos: Welcome to today's CMI Carbon Conversation. I'm Gloria and it's my pleasure to be hosting today's event. We are going to look at latest market trends and developments. Before I launch into the conversation, just a quick reminder that you can submit your questions through the Q&A button at the bottom of your screen, which I'll be keeping an eye on, and bringing questions into the conversation throughout our discussion. Don't wait until the end and miss the opportunity to ask burning questions.

Gloria Karaiskos: Shall we start by setting the scene, where we are now. It's August 2021, and there's no doubt carbon markets are a hot topic around the world. We're seeing increased investment and interest from corporates using markets as part of their offset and decarbonisation strategies. We've seen trading activity in markets grow significantly this year, record prices here in Australia and trades in the market for ACCUs - Australian Carbon Credit Units. We've seen the emergence of trading platforms around the world, looking to provide more of those market insights, transparency, and information. And also integrity, that's a key focus, both on the demand side and on the supply side. Just last week, we had a new global initiative launch the VCMI - the Voluntary Carbon Markets Integrity initiative.

Gloria Karaiskos: We have the Carbon Industry Code of Conduct that's moved to its fully operational stage, which marks an important and significant move in building high standards of integrity, transparency, and accountability here in the Australian marketplace. There is an Emissions Reduction Fund or ERF auction coming up in October, I'd be interested to see what happens and what that means for project registration over the coming months, and the results from that auction. And a couple of months away, we have the UN Global Climate Change Conference, COP26, in Glasgow and in the lead up there has been many announcements, reports, initiatives and a new wave of commitments from governments and organisations and that realisation that we need to increase climate ambition and the race to Net Zero.

Gloria Karaiskos: So with many of those developments underway, let's dive in to today's markets-focused discussion and welcome our panelists. John from South Pole is the director for business development within the Asia Pacific region, with many years of experience in environmental and energy markets. Chris from the Renewable Energy Hub is the manager for renewable energy and environmental markets, also across the APAC region. The Renewable Energy Hub is a part of a global financial services company called Tradition. They've got over 20 years of experience in Australia's energy and environmental markets. John, can you share your market observations, how you and the team at South Pole are seeing things evolve across the board.

John Davis: Thanks Gloria. Fantastic to be here today. I'm happy to be presenting to so many people across the CMI network. It's exciting, right? I think the market has really come a full 180 degrees. I'm going to say market now, there's no longer need to differentiate between compliance markets and what has been labeled as voluntary markets, because effectively we've moved on from anything being voluntary. We are seeing international engagement across all levels, not just governments, but large corporates, large manufacturers, industrials, extractives, oil and gas, etc. It's nonstop. From the South Pole perspective, we have 150 job vacancies globally right now. The market is absolutely moving at a fast pace. The most exciting thing about that is Asia and the Pacific, and Australia, and the main trading partners in Asia have come from nowhere to be fully involved as part of this revolution within carbon markets. As a general statement, it's a super exciting time. Action is very fast paced and it's fantastic to see what is going on and to be involved in this conversation and to see so many statements/commitments being made from many actors around the globe.

John Davis: South Pole are now 600 globally. I started with South Pole five and a half years ago, and we were at that stage 100 staff members. Effectively now we're a full-blooded sustainability company and the name of the game is creating carbon removal/carbon avoidance projects. The big transition is if you look at Net Zero commitments, just on the back of an envelope, there's probably about 20 times more demand in this market than supply right now. There's a scramble going on out there, in particular in Australia, and this really reflects what we see around the globe, as well in terms of the pressure to create carbon removals.

Gloria Karaiskos: Chris, we'll move a bit closer to home and get your views on how the landscape has changed this year and what you're seeing in the carbon market game day in, day out. What is driving that demand? How's the market responding?

Chris Halliwell: Thanks for having us and thanks to all in the CMI network. I echo John's points, even on our domestic scale, there’s a resounding movement towards Net Zero commitments. It's being led by consumers, stakeholders and shareholders that are really driving the transition. We're seeing real uptake in this last 12 months and it's mobilising at such a rapid rate. We're in an exciting stage. When I think about that in the context of the last 20 years, day in, day out, enthusiasm, and the beginning of that journey, it really was just a bunch of ideologs sitting in a room for 20, for 10 of those years, trying to see these pieces come together.

Chris Halliwell: And a lot of it in the Australian context was focused on what are the regulatory frameworks we need? What's the political alignment we need to get action to happen? I was cleaning out my office last week and I found the NETS - the National Emissions Trading Scheme booklet, that was John Howard's first initiative in 2007. It's a bit of a spin out to think about all the failed attempts on a regulatory basis. Yet here we are now, people have departed from depending on politically led, government led action to being led by consumers, and shareholders who are voting with their feet.

Chris Halliwell: Now it's at the stage where there's not an ASX board meeting that goes past without minutes pertaining to carbon pricing and carbon risk management. It's at that level that there's such staggering acknowledgement of these costs both morally and how to communicate and connect with your stakeholders, as opposed to the context of what can we get away with in a regulatory mechanism. Of course we need both to work in parallel, but I think the meaningful shift is now very much led by consumers and that's changed the dynamics. A big part of market participants are corporates, industrials, as opposed to traditionally just wholesale market proponents. That really has changed the dynamics of the market because they're coming from a different angle. They're not looking to run portfolios or speculate or take positions. They're just natural end buyers with real demand. I think they need a different collection of support services. They need different types of market products. They need different types of platforms in which to access those products. That's the type of emergence we're seeing globally as well as here in Australia.

Chris Halliwell: We have over 1200 emissions markets customers across our global offices. That's a market network established over a long period of time and it's predominantly supply-side project developers at different stages and sizes. South Pole at the top in terms of size and volume and coverage of projects. In recent times, there's been two main audiences, two main market segments that have huge uptake. That's the Commercial Industrial end user type audience. And the second being larger wholesale proponents looking to manage their position, the oil and gas majors with those Net Zero commitments, 18 of those now have commitments on the table, 2025 commitments that are not voluntary.

Chris Halliwell: So they are really establishing themselves with wholesale market positions, obviously with that comes a level of sophistication. They take no prisoners in terms of how they manage the market, manage their risks and they bring with it a lot of financial clout. Those types of intermediaries are great for liquidity, transparency and we're seeing that really kick off. As a result, price movements and voluntary products globally have been dynamically shifting, which is the same in Australia, ACCUs are very much on the rally as a function of that same activity.

John Davis: We see the same. Compliance markets are much more functional in the past in terms of liquidity. But we also see a revolution in the way we do business. More so from the old voluntary market, where typically consumer goods companies would come in with 30-60 day RFP type processes, prices held upwards of three months to get trades done. Very quickly now we are transforming to a market where buyers make decisions and fast. Liquidity is good. Carbon is changing hands quickly. We need all of those players in the market, right from the extractives oil and gas, to the higher end consumer goods and the people selling the product. This has been a transition from a buyer's market to a seller's market, and we're seeing prices move across all spectrums of projects from carbon avoidance, renewable energy up to the nature-based REDD+ projects and carbon removals. We are updating our own spot and forward curves on almost a weekly basis now to stay in touch with what the market is doing.

Gloria Karaiskos: There's a lot of questions being asked often by market participants about where prices are headed. How can I enter the market? You've spoken about some of those larger players, we've got a question here about small to medium size enterprises in Australia, what options can you see for them engaging in the markets, how do they join?

John Davis: Chris can follow up more on the platform side. It's still pretty much an education process. The market itself is as transparent as it can be with the tools it has now. It's still difficult, there's a lot of jargon, why do prices differ from country to country, project to project? It still requires a lot of onboarding. But over time we will see alignment and effective asset classes pop out with various carbon commodities as well which is what Chris sees on the exchange side.

Gloria Karaiskos: Chris, what do you think are the main reasons for this up uptick in global markets.

Chris Halliwell: I think it's very much led by people realising that carbon pricing as just a reality looking forward. It's been a discretionary space, whereby people purchase units that meet credentials and attributes that align with their organisation, that help them communicate with their stakeholders. And that really helps to tick off on the types of units they're looking for. Different local schemes or accreditation methodologies, like what we have here with Climate Active in Australia have their own set of rules. We have Corsia, a slightly different kind of frameworks to which you can work within, but they're all generally very broad. It's really left to the buyer to stipulate what type of credit they think aligns with the virtues they're going for.

Chris Halliwell: So the market becomes very stratified, as you have different buyers, different types of projects, there's a whole spectrum around boutique types of projects. As a result, it's very hard to track a singular price point. How do you correlate a market against a benchmarking price? We put a lot of work into that in the context of VERs, the VCU market and the ACCU market whereby we have developed benchmark reference pricing tools. Therefore, you can get a sense and a perspective as to what the relationship is between different categories of units in the live market, and how to form a view as to what the premiums are associated with different types of units.

Chris Halliwell: Some correlative pricing allows market players to really know where things should be priced and get a sense of how much activity there is. Up until recently, it was hard to map where there's no transparency, there's different buyers, doing different types of transactions, through different networks and different forms of transactions in different parts of the world. Buying from a carbon offset retailer, buying directly from a project, buying through a broker, buying from a large portfolio provider. No real price transparency as to how this process has been tracking, other than over the counter kind of feedback as to what the value is and where the price has been.

Chris Halliwell: That's been fine for a long time, it's been a buyer's market, with constant supply and spot from an existing network of projects. The price has been reasonably stable. That's very much turned 180 degrees. We're seeing a real price movement, but it's still different organisations chasing different types of projects and ones with different attributes, with no firm guidance as to what should be the desired unit. Now that creates a chaotic market dynamic because there's not any clear guiding framework as to what it should look like, what really signs off on the key principles that you need to adhere to, and your obligations to your commitments. It's judged by your consumers; it's judged by your stakeholders. And this has been fantastic, but now the framework around integrity and the voluntary market task force, bringing some key principles to underpin that, is essential.

John Davis: I'm going to share my screen because I think it's relevant. There’s a lot of jargon when people talk about Net Zero, but this goes into the types of projects that are reasonable and acceptable and what we should be doing. There's a big push publicly, on the backs of very public companies such as Microsoft, to say “Hey, we want to remove carbon from the atmosphere”. This [graph] is relevant. We walk a lot of our clients through this. The best thing we can all be doing right now is avoiding releasing more emissions into the atmosphere.

John Davis: We need to do all we can now to stop putting more carbon out there. Supporting projects that do that is critical. If you look down the curve, obviously carbon removal is important, but it becomes much more important way down the track in terms of looking at the whole Net Zero perspective. Sustainability is very trend driven, right? And Net Zero is obviously the trend of the moment. But I think every technology and every way to avoid emitting carbon is important, and protecting our current biodiversity is vitally important, which I think is often forgotten when we talk about carbon removals. We've got great biodiversity in existing forests all around the world, looking after those is critical to what we're trying to do. Obviously looking at CCS, which is becoming more price efficient and obviously carbon removals as well.

Chris Halliwell: Yes, you can really see there what the priorities should be, but at the moment it's kind of everything all happening in a very uncoordinated fashion. I think bringing in transparency to the market and giving people perspective as to the merit order of activities, both in terms of a principled approach, what should be the logical progression, as well as on a cost basis, should be a key framework. And that's part of the capabilities that this liquidity and digitisation will bring, the need for data insights and the need for different products to service that.

Gloria Karaiskos: Yes and corporates are crying out for that right now and trying to establish their own strategies. The reality is if you have a carbon neutral offering today, you're going to need those offsets. People are maturing in their selection of offsets and their due diligence and their criteria, and making sure they're getting their homework done because people are paying attention now, investors are asking questions, customers are scrutinising these investments more.

John Davis: The critical thing is we are pricing the cost of carbon. Business needs to know the price of carbon going forward. A company Temasek recently declared they're going to use a $42 price for all their investments. The critical thing is we must have transparency.

People need to be able to factor that into investments, how that operation is going to work.

Gloria Karaiskos: If we move on to integrity and credibility, they remain very important factors in carbon markets. We saw late last year the establishment of the Taskforce on Scaling Voluntary Carbon Markets, a private sector led initiative. They estimated that by 2030, it could be a $50 billion market for carbon credits. It's important that there's markets with high integrity and transparency, where the use of offsets can be traced, verified. On the supply side, projects themselves must have high environmental integrity. The new initiative that came out last week, the VCMI, has a consultation paper on that now so I encourage you all to have a look at that.

Gloria Karaiskos: The VCMI is a multi-stakeholder initiative. One of their most immediate priorities is looking at developing detailed guidance for high integrity use of voluntary carbon credits. This is something the market is grappling with. How will I use them? What will it look like? Where can I go for them?

Gloria Karaiskos: We have seen a lot of acquisitions from large corporates of project development organisations. That's another trend we've seen emerge over the last 12 months, most recently we had a Mitsubishi invest in AI Carbon. Shell acquired Select Carbon. It's not just 'how can I decarbonise my emissions?' it's 'how can I position myself in the market for the long-term?'. And everything's going to be needed to achieve that Net Zero goal in the future, but what can I do now? How can I bring that forward? The science is showing us that by 2030, we're going to have to halve our emissions, so there's lots of ways we can look to contribute.

John Davis: That also applies on a country-by-country perspective as well. Australia is set up now in terms of international exposure now to see where we're looking down towards the end of the year towards COP, and one of the critical things is how countries are going to align themselves with critical and integral markets. We see several countries around the world, really putting in some hard work now to facilitate that because as much as carbon is a great commodity, it is also a carrier, right? It's effectively carrying financial inputs to countries that need it, impacting local economies, local communities and has a huge benefit. I think carbon is a great way to actually transmit a lot more than what we commonly talk about, and we forget about as well. And I think within Southeast Asia bearing in mind that many of our trading partners are going towards Net Zero, it's actually a very exciting development to see what will happen towards the end of the year, but also what the private enterprise are going to do here as well, which is effectively drive this forward with or without government direction.

Gloria Karaiskos: We've spoken about trading platforms as tools and enablers, in helping facilitate market procurement activities, we are seeing digital platforms and technologies emerging around the world. More recently we've had a consortium of banks come out, including NAB, that talked about a carbon platform, the Clean Energy Regulator here in Australia has also gone out to tender looking for expressions of interest for an Australian carbon exchange. We're seeing a lot of these developments emerging, and of course not least the Renewable Energy Hub's launch of their online platform. Chris can you tell us more about what this all means for the market and how it works, kind of demystify that for some of us who don't hang out on trading platforms every day.

Chris Halliwell: An exciting function of there being market activity, and market demand, is that a big part of supporting that, and supporting integrity, is data analytics. Fit for purpose products that are the result of what the market needs and what buyers are looking for. And of course, the focal point of the platform is for people to be able to access these types of products. Traditionally over a long period of time, we've been doing over-the-counter transactions in carbon. It's very much a bespoke transaction. It's very much that you identify a particular type of project you're looking to align with, source that project, manage a spot transaction, or a spot retirement of those credits.

Chris Halliwell: It's paper driven, an elbow grease kind of process, which is common for emerging markets and emerging commodities. That only gets you so far when you want to take things to scale, and you see real demand and volume. But the second part is having key benchmark data driven insights that meaningful portfolio players need. They need to be able to have third party tools, third party insights to benchmark products, to see price comparisons on different types of units and evaluate and consider different types of options in the live market context. Of course, that helps stakeholders align. It helps products become approved products for market participants to align with, and therefore supports liquidity and drives uptake.

Chris Halliwell: In Australia we have a fantastic carbon market, the ACCU, it's a financially regulated product. That brings with it a lot of rigor and compliance requirements, there's a lot of surety as to what it takes to generate one of those products. It is regulated by the Australian Government. That's an easier entry point for a wholesale market participant because they know a unit is a securitised unit in the context of a real demand market. In the instance of the voluntary market, it's not quite that straightforward for a large bank, or a large global energy company to participate in the voluntary market. They need a whole lot of third-party tools to be able to benchmark value, run due diligence on the project type and ensure that it's a robust high-integrity credit that meets their mandates.

Chris Halliwell: A platform can give insights and assessment and benchmarking tools to those market proponents. This has been a product led initiative driven by market feedback over a long period of time, as to what this type of exchange might look like, what tools. Our product, which has been in development over the last three years, is focused on clean energy and carbon markets, provides fit for purpose products, live markets data, and analytics around all those types of products. There's transactions, a couple of million environmental market units every week, now we can give people access to data pertaining to those units.

Chris Halliwell: You don't have to just be in market, or one of those market participants to be able to track and evaluate the data. Bringing it into a platform makes it accessible to a larger audience. Of course, there's market platforms and price screens, and Bloombergs and

Reuters in the market and have been for a long time, but they're quite specialised financial market tools. They're not built for the new audiences that are really leading this market. As I mentioned, the commercial industrial participants, project developers, supply side proponents that need a more basic, accessible web tool, software, a service product where they can see these types of insights and access these types of transactions. That's very much the demand we're responding to with our tool.

Chris Halliwell: We've got good experience in developing these types of tools for markets, because we've been doing it for a long period of time and have a big technology team to service that. There are several different types of initiatives in the market, I think they are all different. The Australian Government's initiative, Singapore's Climate Impact X Initiative – these are a financial product exchanges, traditionally these are reserved for established commodity markets where a product has already been developed. Liquidity has been fostered over the counter in that emerging market fashion, and then graduates towards an exchange where a product can be listed and traded as a financial product for those types of large-scale wholesale market organisations that can participate in those products.

Chris Halliwell: So OTC platforms, which are lower barriers to entry, you don't need to be a bank or a global energy company to be able to get a membership. A basic spot platform is more suited to the emerging market participants. It's really the emerging market participants that are leading the charge in this market. The two need to very much work in parallel, development, fostering of a vibrant carbon market in the OTC basis, and that to then graduate onto an exchange traded model. Now, we're seeing a patchwork of different types of platforms, happening in parallel, but they are all looking to service slightly different market segments. Of course, the NAB one, is focused more at a retail level, a consumer level, where it's more like a platform accessible for retail proponents looking to just participate in carbon markets, more like a COMSEC or a Nabtrade or a Bitcoin exchange.

John Davis: It's all about getting market participants right now, in terms of the macro picture here, if we're trying to align ourselves with the 1.5-degree warmed world. We need as many platforms as we can, and ultimately the market's got to decide what works and what doesn't work. I think the innovation here is fantastic. We want to see as many participants as we can come into the market. And I think sometimes as an industry, we can be very self-critical, but the bottom line is, regardless of what people are doing, if they're taking some form of action in the market, it's a great step and you don't start trading in carbon or doing a few purchases and then step out and say 'that's not really working for us'. You know, it's a one-way trajectory. If we can encourage people to get onto platforms such as traditions or others, it's effectively all in the right direction. And it's all going to be critical in terms of what we achieve. And of course, it goes back to that transparency and the projects and what they're using again, market demand is going to decide what's working here and what's not. I think it's a very exciting time for platforms such as this to pop up.

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Chris Halliwell: There's been strong demand. We've been working on a kind of bespoke structured transaction basis for a long time and a big part of what we feel the market is ready for is to move past having complex, structured transactions into a more commoditised market environment. There's been a couple of spot platforms that are really picking up activity in spot transactions. But of course, spot transactions are only one very small part of a functioning and vibrant carbon market. For people to really unlock and access the types of volumes that we're talking about here, to get to scale, to the targets that we need by 2030, we're going to need much greater market access and market price transparency. Long-term contracts being able to transact into forward markets is very much a key part of that.

Chris Halliwell: There's always a primary project transaction where you can undertake an offtake directly with a project developer, but for wholesale market proponents looking to manage the risk associated with those types of positions, they need a platform in which they can manage that price positioning. It will help people manage that risk position and ultimately leverage more capital into the market, and deploy more capital into project development. We're very much responding to that need, we have live markets on spot and forward transactions, and there's credit driven products there where people can access different types of units.

John Davis: Perhaps that's also more an emerging trend we see now. People are very aware that spot market transactions are volatile in terms of price. And that accessing forward streams is going to be critical to effectively ensuring that you're on track with your own climate commitments.

Chris Halliwell: https://carbonmarketinstitute.org/2021/08/06/market-update-global-developments-local-action/We do a lot of work helping people contrast and compare the options of buying LGCs in the Australian context, as opposed to ACCUs to meet their Net Zero targets. Of course, there's economic merits to each of those as the market dynamically shifts around. We've seen strong price movement on the LGCs recently, driven by voluntary market participants looking to purchase LGCs as an alternative to more complex, clean energy structures or to purchasing ACCUs and that's a price driven initiative, which has brought significant demand into the LGCs as an alternative approach.

Chris Halliwell: Organisations before they take these transactions are evaluating and considering the trade-offs between VERs, LGCs, ACCUs, clean energy, it's all forms of same de-carbonisation mix. How can I evaluate and assess in a live market context? What option is best for me? How do I share those insights with my stakeholders and my board and my broader organization? ACCUs may prove to be a more price competitive option than an LGC. VCUs have proved to be the cheaper alternative, the price has been dramatically climbing on those because that's where all the demand has shifted in recent times.

Chris Halliwell: As this becomes an active daily trading market, the assumption that you'll be able to run an RFP and get a price held out there for two months will not be functional. This is because prices will be moving around too dynamically to be able to consider a price from two months ago to be still a valid price in today's market. Having direct access to platforms, to be able to work within the market, the price of the day is absolutely going to be key to go to scale the way we need. People need to participate in the wholesale market to be able to purchase progressively, manage risk incrementally on a portfolio basis. Platforms and liquidity are a key way to do that.

Gloria Karaiskos: Are you seeing people come in with a mixed bag of requirements for portfolios? How do you manage that when it comes to dealing with them?

Chris Halliwell: We've done some fantastic transactions lately where an individual proponent may purchase some LGCs, almost a book building type approach, where you'd consider some LGCs, some ACCUs, some VERs. Each of those units have their own specific types of products or specific attributes where you may be focusing on a particular type of project or methodology. If you look in terms of retirements in both the Viera registry, voluntary surrenders, and to the same end in the Australian rec registry, this calendar 21 year, the volumes are staggering in terms of how much voluntary surrendered purchases there are there for the proponents that have purchased a clean energy PPA, or voluntarily purchased LGCs discretionarily as an offset unit. That’s really driven large volumes into that market.

Gloria Karaiskos: There’s a question here about exchanges and whether that would allow more opportunity for retail investors to buy smaller parcels of units, say ACCUs for example, is that something that is facilitated or can be facilitated by those OTC platforms?

Chris Halliwell: We have all types of market participants registered with our platform to access transactions. There are not too many barriers to market, if you're using them for your own purpose. Of course ACCUs as a financial product, come with some different regulations when you move into the forward market, that instrument has financial regulations. But voluntary carbon units and LGCs, and these types of units, are directly accessible and you're purely on an investment basis, speculative basis. There's big opportunities moving into those markets now, hence the recent price climbs. I think it's important to note that ultimately we want carbon prices to go to zero.

Gloria Karaiskos: John, what are the relative strengths and weaknesses of the voluntary market and ACCUs, in particular from a landowner's point of view, taking a bit of a step back and looking at the market as a whole.

John Davis: So I presume this is based around should you develop an ACCU project or a voluntary project. Good question. All of our previous discussion kind of relates to that. ACCUs are a compliance instrument, and as Chris pointed out, the ERF scheme that Australia has is very critical. Globally, its actually by coincidence or not, created itself as one of the leading compliance schemes in the world as a project-based mechanism. But it doesn't cover everything. Not every methodology is covered under the ERF. Whereas the voluntary market is constantly evolving and one of the things we do as developers is constantly get new methodologies approved. From an Australian perspective, it's really looking at what methodologies are interesting, what's applicable under the Australian scheme, what's applicable from a voluntary perspective. And then again, looking at price points, where you're likely to effectively generate more income to create more action on the ground or otherwise. A complex question, but definitely depends on what you're looking to do.

John Davis: I think both Australian side and voluntary side are looking to scale as much as possible. I think either or, whichever is going to facilitate the best result with the approach that you're looking at.

Gloria Karaiskos: We talked about some developments happening in the lead up to COP26, of course discussions around Article 6, the market mechanism, components of the Paris Agreement rules. We're also seeing a lot more regional market developments and an emergence of these carbon clubs, and some other projects happening such as bilateral arrangements. John, with your insights into the APAC region, what are you seeing and what can we expect to see more of in the future when it comes to these kinds of linkages?

John Davis: So controversial opinion. First, I think COP is going to be a disaster. I don't see Article 6 going very far. That might be at the other end of the spectrum to some of my colleagues in Europe, but I can’t see it happening, I think the world's got bigger priorities right now than Article 6. But in terms of this region, I think is very exciting. Singapore have made it very clear that they want to be a hub for carbon activity across Asia. They're very well-placed to do so. We have a climate policy team that's very engaged in talking to many governments across Asia who are positioning themselves. In fact, not just Asia, we see many African countries that see this as a fantastic opportunity for them to facilitate the conservation of biodiversity and the export of carbon units as well.

John Davis: That’s the least transparent part of what people see or think about when they think of carbon markets now, but it's obviously going to be one of the most important things going forward. It relies heavily on the war of words we see out there right now on carbon border adjustments and how that's going to massively impact countries such as Australia. It's going to be critical to many countries, look at Japan which just does not have the ability to really create carbon removals within its own country, and other Asian countries as well. Where there is clearly going to be net supplies. Singapore is driving this one forward. There are many opportunities that we see to. And at the other end of what Chris’ spectrum is, which is with liquidity across platforms, from our perspective, now we also try to develop that liquidity within project development.

Gloria Karaiskos: Chris, any views on that, on the where things are headed overseas? I've got a question here as well, around some of that uncertainty around COP26 and Article 6, regarding the rules for CDM credits and whether that's brought in any uncertainty into market or different types of attitudes. Are you seeing any of that play out now?

Chris Halliwell: Yeah, I think that returns to the point around the corporate discretion and consumer discretion now being guided by an organisation's own framework. They're putting the work in, there's service providers and there's teams. Organisations have specialist people now to interrogate and understand what types of projects and what types of units they want to be associated with. In the past, there was a bit of an all care, no responsibility approach. If the government says it's okay, and it's workable within the framework of the scheme, then we'll operate under that. We've had some stumbling points along the way with legacy old credits that might not be driving real emissions in real time, or that may have been older dated credits. The rigor in which we need to approach this is, we need to really be able to unlock real time savings and projects on an annual basis.

John Davis: We've talked a lot about pure carbon here, but there's a couple of things to keep in mind. One, where's your money? What are you doing with your pension? What's your super fund doing? That's one of the biggest changes you can do. And we see investors in this market now as well, right, trying to price in carbon and look to secure optionality for their own investment portfolio as well. I think that's critical. That's another way that the carbon's going, the biggest managers and big investors of this world are very keenly looking at these markets and trying to look at investment opportunities. Not just speculative of course, but actually developing these projects as well.

John Davis: I think the old carbon stories are a little bit defunct now because the markets have just transformed, from supply and demand so rapidly. It's going to be about building capacity and scaling this market to the next level, to a commoditised level. I think some people don't realise how quickly that shift is going to happen. We are entering a new compliance market, we're just not talking about voluntary purchases anymore.

Gloria Karaiskos: Wonderful discussion here today. Unfortunately, we've reached the end of time here.