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Voluntary Carbon Market

Complementary Ordinances

I. Introduction

On 2 October 2024, three ordinances were published regulating Decree-Law 4/2024, of 5 January (which established the voluntary carbon market and the rules for its operation) - Ordinances 239/2024/1, 240/2024/1 and 241/2024/1 (the '**Complementary Ordinances**').

In general terms, Ordinance 239/2024/1 establishes, for different acts, the amounts of the fees to be charged within the scope of the voluntary carbon market by the managing body of the registration platform (**ADENE**) and by the supervisory body (*Agência Portuguesa do Ambiente*).

Ordinance 240/2024/1 defines the qualifications required to carry out the activity of independent verifier of greenhouse gas ('**GHG**') emission mitigation projects, and identifies the managing body of the qualification system for the voluntary carbon market (also ADENE).

Finally, Ordinance 241/2024/1 establishes the general requirements of the electronic platform for the voluntary carbon market, in which the relevant projects will be registered, and where carbon credits will be issued, registered, transacted and cancelled (the '**MVC Platform**').

II. Scope of application

1. Ordinance 239/2024/1

Ordinance 239/2024/1 establishes the fees due for opening and maintaining accounts on the MVC Platform, registering carbon projects and programmes and carbon credit transactions made on the MVC Platform, as well as approving mitigation methodologies.

The fee structure reflects a different approach for companies and individuals, with higher fees for companies. There is also a potential fee exemption for projects 'in priority areas'. The transaction fee for carbon credits, set at €0.20 per credit, is payable by the buyer, and ADENE is responsible for collecting the fees.

The ordinance also provides for the fees to be updated annually in line with the consumer price index (CPI).

2. Ordinance 240/2024/1

Ordinance 240/2024/1 defines the qualification criteria for the exercise of the activity of independent verifier agents, who will be responsible for the initial validation and periodic verification of GHG mitigation projects.

According to Ordinance 240/2024/1, the qualification of independent verifiers is divided into six broad categories of sectors: **(i)** Energy (extraction and production of fuels, transport, etc.); **(ii)** Industrial Processes (production of fluorinated gases, use of fuels); **(iii)** Agriculture (use of fertilisers, livestock); **(iv)** Land Use

(forests, pastures, rural fires); **(v)** Wetlands and Marine Areas (management of coastal ecosystems); and **(vi)** Waste (solid waste and wastewater).

The ordinance requires that candidates for the qualification **(i)** have a higher education qualification that is relevant to the sector for which they are applying, **(ii)** have proven professional experience in the specific area, **(iii)** receive professional training in carrying out audits, **(iv)** pass an exam carried out by the managing body and, if applicable, **(v)** be members of the respective public professional association.

The ordinance also regulates the application procedure for the verifier qualification and details the documentation and information to be submitted by the applicant. At the end of the process, and after passing the exam, the candidate will receive a qualification certificate that is valid for three years and can be renewed.

3. Ordinance 241/2024/1

Ordinance 241/2024/1 regulates the operation and requirements of the MVC Platform, consistent with Decree-Law 4/2024, of 5 January. The platform must include the following functions: **(i)** registration and management of market agents, **(ii)** registration and monitoring of projects and programmes, **(iii)** issue, transfer and cancellation carbon credits, **(iv)** management of the guarantee exchange, **(v)** user and account management, **(vi)** market monitoring and **(vii)** information management and submission and management of carbon proposals and methodologies.

The ordinance defines the main players in the market - the 'market agents' (i.e. promoters of GHG mitigation projects, purchasers or users of carbon credits and independent verifiers). Carbon credits are issued through the platform by assigning a unique identification code. The ordinance introduces the designations 'future carbon credits' (using the Portuguese acronym, 'CCF') and 'verified carbon credits' (using the Portuguese acronym, 'CCV'), differentiating between credits awarded at different stages of the certification process.

The registration of emission mitigation projects is centralised on the platform, allowing for initial validation, periodic verification and ongoing monitoring of projects (with the promoter being responsible for submitting monitoring reports).

Finally, it is worth highlighting the fact that the ordinance should ensure the MVC Platform integrates the use of external applications, such as the Digital Mobile Key and authentication by the Tax Authority, as well as to ensure interoperability with the European registry for certifying carbon removals, avoiding the double counting of credits. In addition, the ordinance emphasises the importance of data integrity, ease of tracing transactions and data entry (identifying the use of blockchain technology as an example of a solution).

III. Entry into force and review

Ordinances 239/2024/1 and 241/2024/1 entered into force on 3 October 2024. Ordinance 240/2024/1 will enter into force 90 days after its publication.

The Complementary Ordinances can be found (in Portuguese) at the following links:

- <https://files.diariodarepublica.pt/1s/2024/10/19100/0001800020.pdf>
- <https://files.diariodarepublica.pt/1s/2024/10/19100/0002100025.pdf>
- <https://files.diariodarepublica.pt/1s/2024/10/19100/0002600033.pdf>

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