



# CARBON CREDIT DELIVERY COVERAGE

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## RANGE OF COMPLEX RISKS

- \* **Operational Risk** - Will the technology work? Will it create the carbon emission reductions necessary to generate the credits purchased by the investor? Greater concern about project performance and delivery risks.
- \* **Credit Risk** - Will the project or its participants become insolvent or bankrupt before delivering the credits?
- \* **Political Risk** - What happens if a governmental entity takes over the project or seizes the credits? Are buyers protected if a government intervenes to block delivery of credits?
- \* **Pricing Risk** - Suppose the carbon credits are not delivered and the buyer has to turn to the spot market. Is the buyer protected if the spot price exceeds the original contract price?



## CARBON CREDIT DELIVERY COVERAGE

- Limits
- Term
- Programme structure
- From single projects to portfolios
- Other coverages
  - Marine
  - Environmental
  - Construction all-risks
  - Natural catastrophe
- Pricing
- Settle in cash or credits





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