



ICN TOOLKIT · INDIA'S CARBON MARKET · EDITION 1

CCTS Compliance Starter Kit

India's Carbon Credit Trading Scheme now sets legally binding emission-intensity targets for hundreds of industrial plants. This kit explains how the scheme works, what your plant has to do and when, and how to see early whether you'll have certificates to sell or a shortfall to cover.

WHAT'S IN THE KIT

- This guide: the scheme in plain words, who does what, the compliance cycle, a readiness checklist and a first-year plan
- CCTS Target Tracker (Excel): your intensity against target, the certificates you'll earn or owe, the cost or income at different prices, an abatement list and a monthly data log

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Information correct to the best of our knowledge on 29 October 2026. Parts of the scheme are still being notified; we flag where. Always check the official notification for your sector. General guidance, not legal or tax advice. Licensed for use inside the buying organisation only.

01 The scheme in one page

The Carbon Credit Trading Scheme (CCTS) is India's own carbon market. It was set up under the Energy Conservation Act (as amended in 2022) and notified in 2023. It has two parts.

Part	How it works
Compliance mechanism	The government sets a greenhouse gas emission intensity (GEI) target for each obligated plant: tonnes of CO ₂ -equivalent per tonne of product. Beat the target and you are issued Carbon Credit Certificates (CCCs) , one per tonne of CO ₂ e. Miss it and you must surrender CCCs to cover the gap.
Offset mechanism	Organisations that aren't obligated can register emission-reduction or removal projects under methodologies approved for the scheme, and earn CCCs for verified results.

- **Targets are about intensity, not total emissions.** You can grow production and still comply, as long as each tonne of product carries fewer emissions.
- **CCCs trade only on the power exchanges** (IEX, PXIL and HPX), under regulations issued by the Central Electricity Regulatory Commission in 2026. Off-exchange (bilateral) sale of CCCs isn't allowed. Be wary of anyone offering to sell you CCCs privately.
- **If you can't cover a shortfall**, you face an environmental compensation charge. It is reported to be set at a multiple of the average CCC price for the cycle; check the latest rules for your sector.

02 Who's covered, and when

Targets are notified sector by sector, plant by plant, in the Gazette. As of our last check:

Notification	Sectors	Plants
October 2025	Aluminium, cement, chlor-alkali, pulp and paper	282
13 January 2026	Petroleum refineries, petrochemicals, textiles, secondary aluminium	208 more (490 in total)
Not yet final	Iron and steel, fertilisers and others named for the scheme	Drafts circulated; check the Bureau of Energy Efficiency (BEE) for status

- **First compliance years:** FY 2025-26 and FY 2026-27, measured against a FY 2023-24 baseline, with a tighter target in the second year.
- **Your own target** is listed by plant in the notification. Find your plant's line and note both years' GEI targets; you'll need them for the tracker.

Not on the list yet? If you're in iron and steel, fertilisers, or a large energy user in another sector, assume you'll be covered and start measuring now. A year of clean data before your target arrives is the cheapest compliance you'll ever buy.

03 Who does what

Ministry of Power / MoEFCC	Notify the scheme rules and the GEI targets.
National Steering Committee for the Indian Carbon Market	Governs the market overall.
Bureau of Energy Efficiency (BEE)	Administers the scheme: target proposals, methodologies, accreditation of verifiers, issuing recommendations for CCCs.
Grid Controller of India	Runs the registry where CCCs are held and surrendered.
CERC	Regulates CCC trading on the power exchanges, including price bands.
Accredited carbon verification agencies	Independently verify each plant's reported emissions and production.
Power exchanges (IEX, PXIL, HPX)	Where CCCs are bought and sold.

04 The compliance cycle

1. **Monitor** fuels, raw materials, electricity and production through the year, using the sector's prescribed method.
2. **Report** your annual emissions and production after the year closes.
3. **Get verified** by an accredited carbon verification agency.
4. **Settle up:** if your achieved GEI is below target, CCCs are issued to your registry account. If it's above, you surrender CCCs equal to the shortfall, buying them on an exchange if you need to.
5. **Trade** surplus CCCs on an exchange, or keep them (subject to the scheme's banking rules).

Certificates earned (+) or owed (-) = (Target GEI - Achieved GEI) × Production in the compliance year
Achieved GEI = Total verified emissions (tCO₂e) ÷ Production (tonnes of product)

Example: target 0.80, achieved 0.84, production 1,000,000 t. Shortfall = 0.04 × 1,000,000 = **40,000 CCCs to surrender**. At ₹1,000 a certificate that's ₹4 crore. Bring achieved GEI to 0.78 instead and you earn 20,000 CCCs to sell.

05 Readiness checklist

GOVERNANCE

- ☐ A named owner for CCTS at the plant, and a sponsor in senior management.
- ☐ The board (or CXO team) has seen the plant's target, the gap and the expected cost or income.
- ☐ A written policy on whether you will buy, sell or bank certificates, and who can approve trades.

DATA AND MEASUREMENT

- ☐ Your plant's line in the notification found; FY 2023-24 baseline data checked against what was submitted.
- ☐ Monthly data log in place for every fuel, process input, electricity source and product output.