

METHODOLOGY OVERVIEW

CORSIA Market Clearing Price

How AlliedOffsets estimates the price at which CORSIA demand meets available supply

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Overview

The CORSIA Market Clearing Price model estimates the price at which airline offsetting demand under CORSIA would be met by eligible credit supply in a given compliance phase. It brings together AlliedOffsets' price-sensitive CORSIA demand model with eligible supply that has been adjusted for host-country authorization risk. The result is the lowest price at which modeled supply is sufficient to meet demand.

Data Sources

Source type	How it is used
AlliedOffsets CORSIA demand model	Estimated CORSIA offsetting demand across a range of credit prices, by state and compliance phase.
AlliedOffsets supply projections	Issued and projected credit volumes, together with their CORSIA eligibility.
Public carbon registries	Article 6 authorizations and CORSIA labels on issued credits.
AlliedOffsets country research	The Article 6 Export Score and related country indicators, used to adjust supply for authorization risk.

Our Approach

1	Assess authorization likelihood Each host country's likelihood of authorizing exports is estimated using the AlliedOffsets Article 6 Export Score.
2	Build risk-adjusted supply Eligible issued and projected credits are combined. Credits already confirmed as eligible count in full, and other credits are adjusted by the likelihood of authorization.
3	Build the demand curve CORSIA demand is taken across a range of prices for the selected phase.

4

Find the clearing price

The model identifies the lowest price at which risk-adjusted supply meets demand.

5

Explore scenarios

Users can vary the compliance phase and the states included to explore different market outcomes.

Key Principles

Supply meets demand

The price comes from the interaction of modeled supply and demand, not from observed trades.

Authorization-aware

Supply reflects the real-world constraint of host-country authorization.

Scenario-ready

The model is built for exploring how outcomes change under different assumptions.

Quality Assurance

- Inputs are refreshed as the supply, demand and country models update.

Interpreting the Results

- The output is a modeled equilibrium price under the stated assumptions. It is not a forecast of traded prices or a quote.
- Where supply is very tight, results should be read as showing that available supply is insufficient, not as a precise price.

Limitations

- The model inherits the uncertainty of its supply, demand and authorization inputs.
- Timing differences within a compliance phase are not captured.
- Each run covers one compliance phase. Interactions between phases are not modeled.
- Transactions outside registry systems are not reflected.

WHAT YOU GET

A modeled CORSIA market clearing price, in US dollars per ton, for the selected compliance phase and scenario.