

METHODOLOGY OVERVIEW

Forecasted Prices by Year

How AlliedOffsets forecasts long-term carbon credit prices by sector

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Overview

AlliedOffsets forecasts carbon credit prices by sector and year over the long term. The forecast combines market-implied price expectations with the expected cost of delivering each type of project. The result is never lower than what it would cost to produce the credits. Prices are only reported where credits are expected to be issued, so the forecast reflects prices that are expected to trade.

Data Sources

Source type	How it is used
AlliedOffsets price forecasts	Market-implied forward prices by sector and country.
Technology cost research	Expected costs of delivering different project types over time, by sector and country.
AlliedOffsets supply forecasts	Projected credit volumes by sector, country and scenario.

Our Approach

1	Start from market expectations Forward market prices are forecast for each sector and country.
2	Apply a cost floor Each forecast price is compared with the expected cost of producing the credits, and the higher of the two is used.
3	Focus on tradable supply Only sectors and years where credits are expected to be issued are included.
4	Aggregate by sector Country-level results are combined into a sector-level forecast for each year and scenario.

Key Principles

Economic realism

Long-run prices cannot sustainably fall below the cost of producing credits.

Supply-aware

Prices are only shown where supply is expected to exist.

Scenario-based

Forecasts can be viewed under different supply scenarios.

Quality Assurance

- Cost and price inputs are reviewed as market conditions and technology costs change.

Interpreting the Results

- Forecasts are indicative long-term estimates and not price predictions for any individual credit or transaction.
- Sector-level results smooth over differences between countries.

Limitations

- Accuracy depends on the quality and timeliness of technology cost estimates.
- Country-level price variation is not visible in the sector-level results.
- Long-dated forecasts carry significant uncertainty.

WHAT YOU GET

A forecast credit price for each sector and year, under the selected scenario and filters, shown on the AlliedOffsets forecasting dashboards.