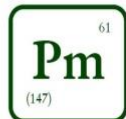


CARBON OFFSETS IN SOUTH AFRICA

29 February 2016



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Agenda

1. Background
2. Eligible project types
3. Development of offsets market

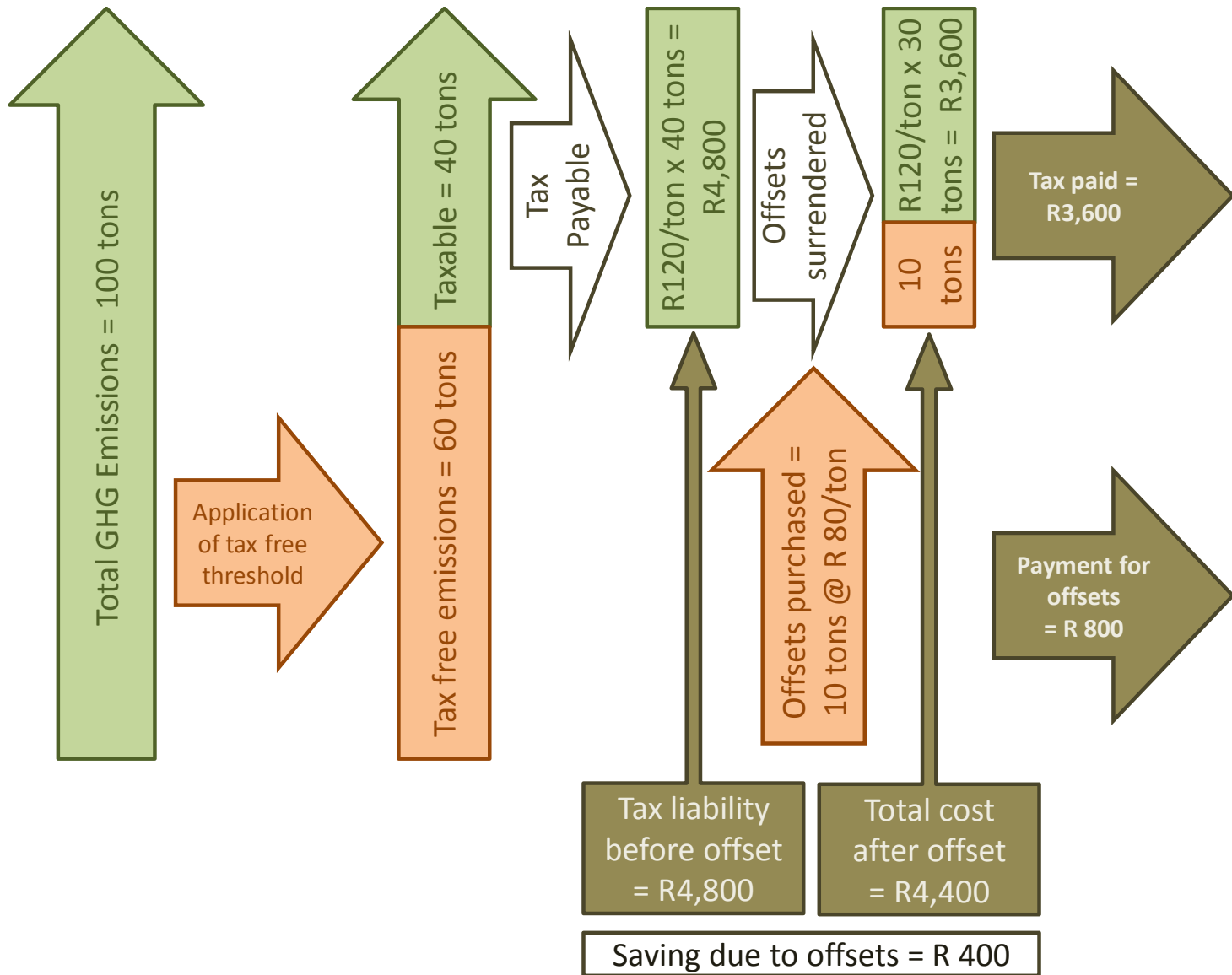
Background

- Carbon offsetting is used globally to give emitters of greenhouse gasses access to low cost mitigation options
 - It allows companies with emission reduction obligations to invest in GHG mitigation where it is the cheapest
 - It supports the economy by ensuring that the burden of GHG reduction cost is the least
- Offsetting is used in:
 - Cap and trade schemes such as the European Union Emission Trading Scheme and the Californian Scheme
 - Proposed to be used in the South African carbon tax

Current state of development

- Carbon Offset Paper published in April 2014
- Draft Carbon Tax Bill published in November 2015
- Draft Offset Regulations expected soon
- Carbon Offset Administration System under development - to be completed in second half of 2016

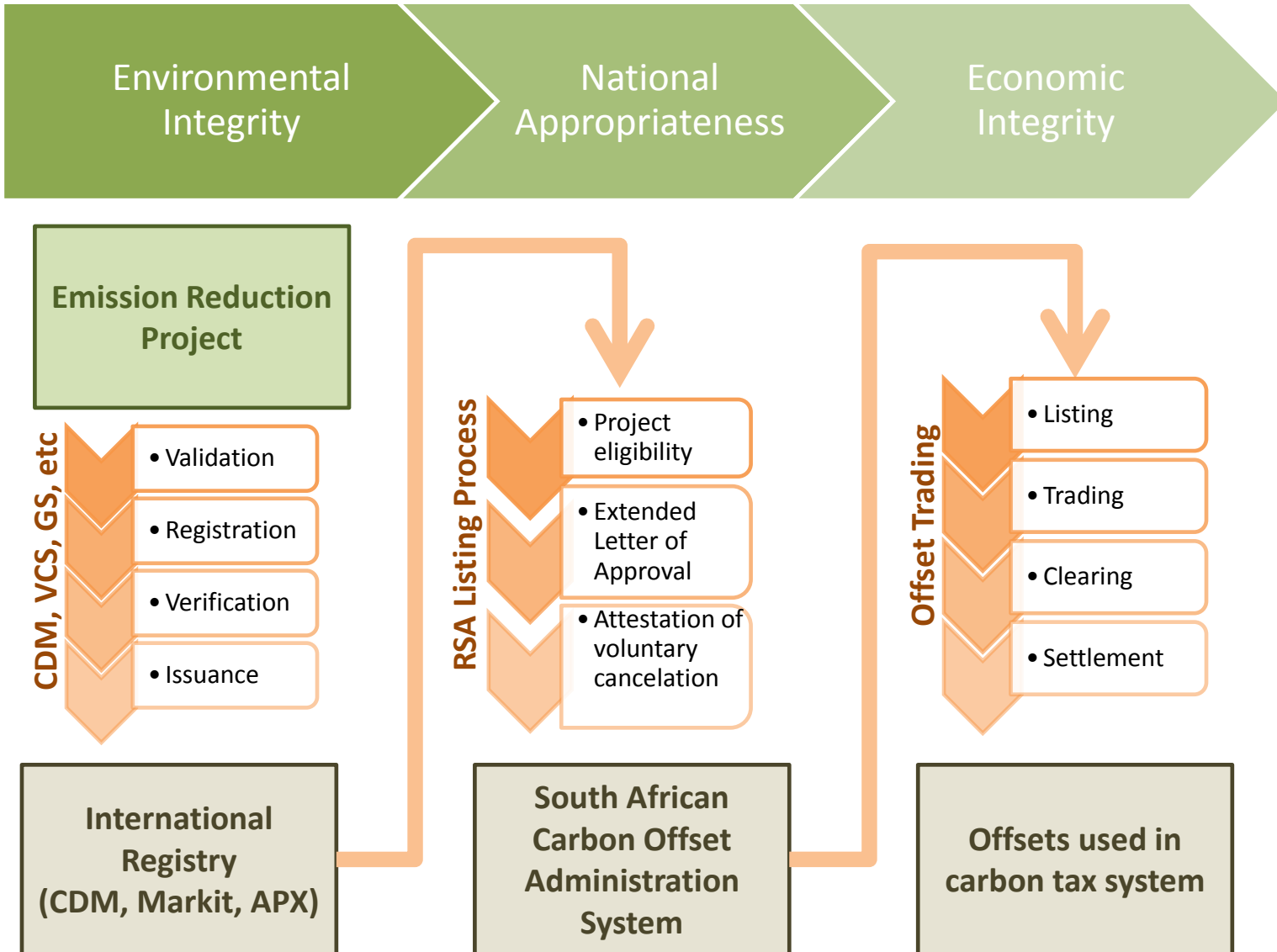
Offsetting carbon tax - How it works



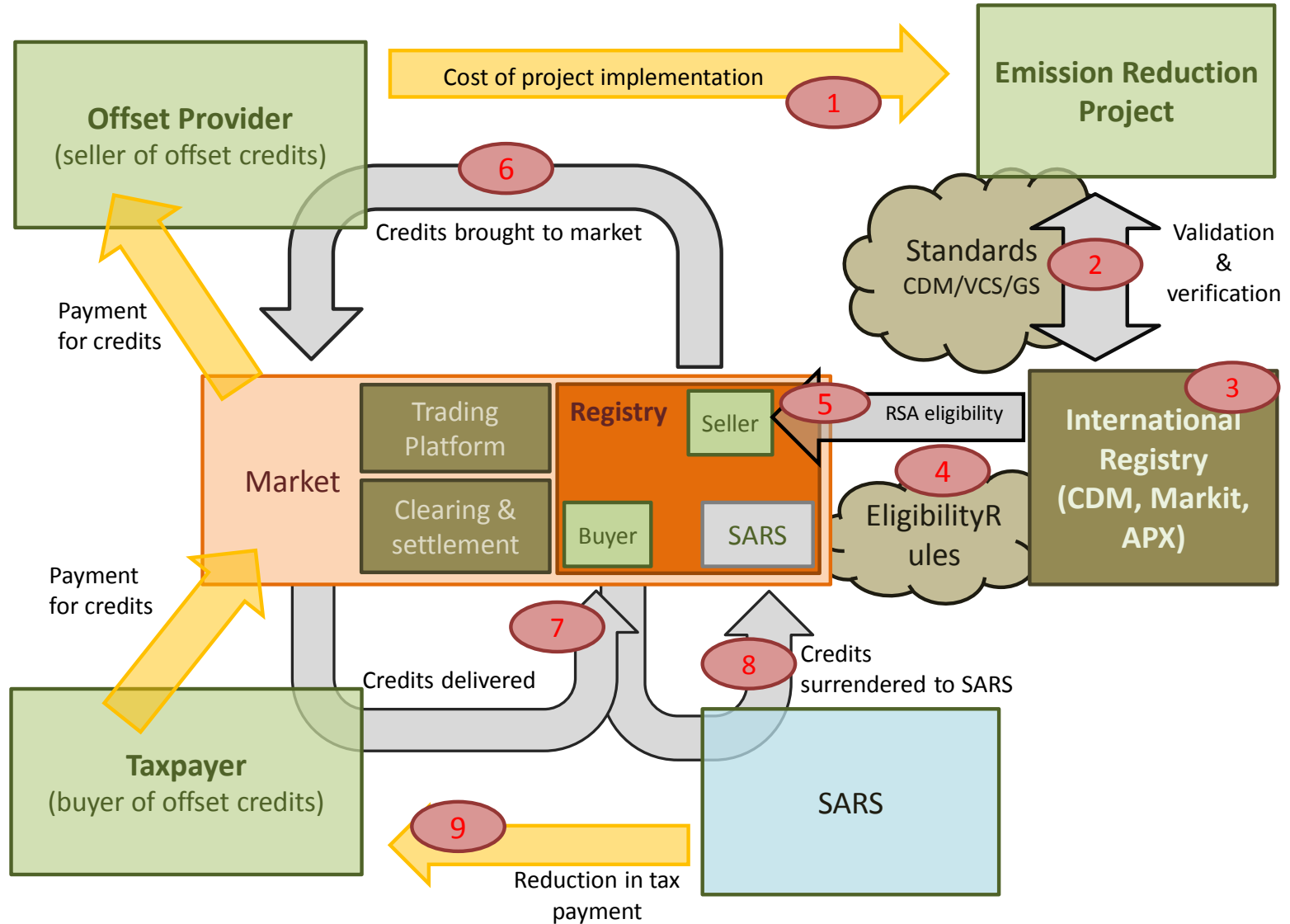
Projects eligible to use in SA carbon tax

- Standards
 - Clean Development mechanism (CDM)
 - Verified Carbon Standard (VCS)
 - Gold Standard (GS)
- Criteria
 - Projects located inside borders of SA
 - Projects outside of taxable activities of carbon tax paying entities
 - Excluded projects
 - Activities with Section 12L benefit
 - Projects under the REIPPP

Mechanism for listing of SA credits



Potential functioning of the market





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