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REPUBLIC OF SOUTH AFRICA

OVERVIEW OF CARBON OFFSET ADMINISTRATION SYSTEM

NATIONAL TREASURY OFFICES
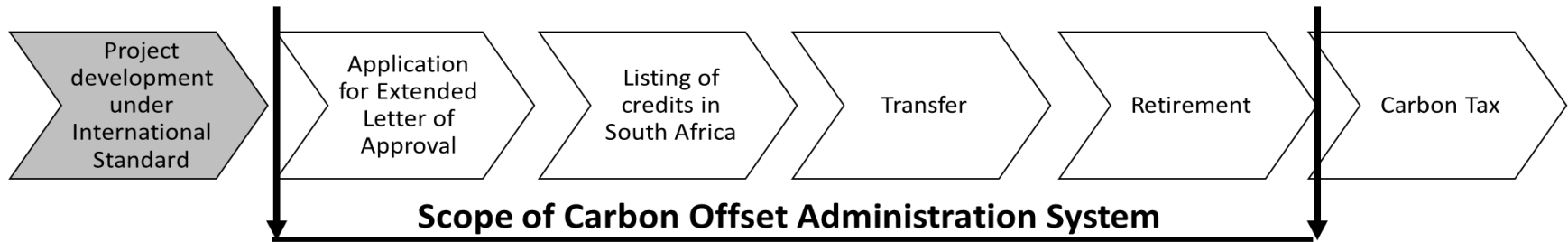
PRETORIA, GAUTENG

Daniel Modise

23 November 2016

OVERVIEW OF THE DEVELOPMENT OF THE CARBON OFFSET ADMINISTRATION SYSTEM

The development of the COAS started in August 2016 and the following milestones have been achieved to date –
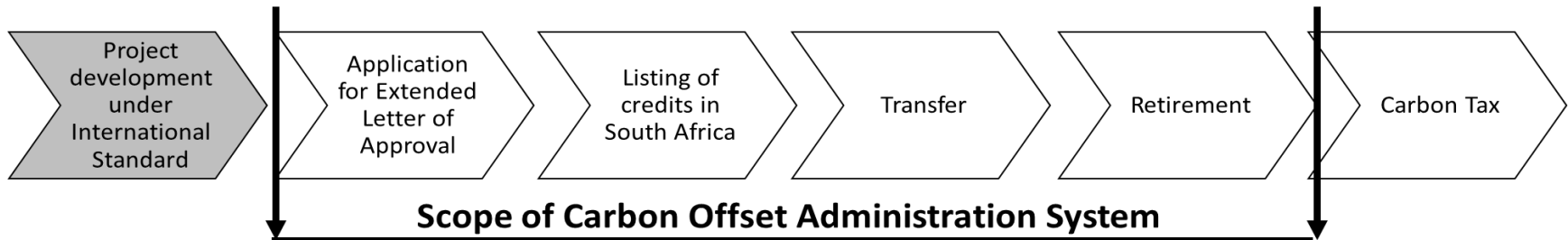
❖ The Standard Operating Procedure (SOP) which is a set of written instructions that document a routine or repetitive activity followed by an organisation has been developed. It contains in the main four steps that should be followed for the process of using credits to offset against carbon tax to be successful:
  - Approval of projects;
  - Listing of projects;
  - Transfer of ownership; and
  - Retirement of credits.

❖ Information Technology (IT) system has been developed and programmed. The system is undergoing testing. The users will have to register and they can register as participants (credit owners and credit buyers) and as observers (members of public).

❖ Project database and registry have been developed and the outstanding issues is around hosting.
  - Project database will be hosted in the department and a server is being procured.
  - Registry will be hosted outside of government and this work will be done through a support of PMR project.

❖ The Organisational Development Plan recommending how the DNA unit with the DoE should be capacitated has been developed and this will form the basis of the process that will be initiated and led by the DOE human resource. PMR will contribute to the capacity building with the unit.

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REGISTRATION OF PROJECTS

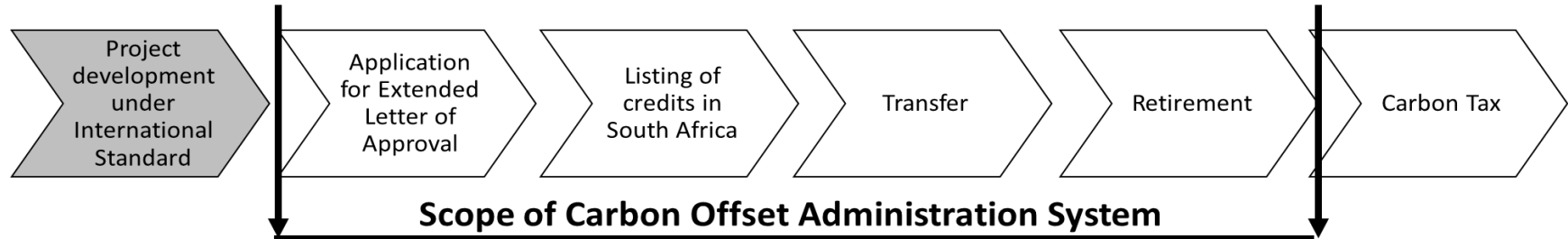| Project development under International Standard | → | Application for Extended Letter of Approval | Listing of credits in South Africa | Transfer | Retirement | Carbon Tax |

Scope of Carbon Offset Administration System

❖ The Project Owner will register a project under one of the approved international standards.

❖ Credits are issued to the Project Owner in the registry of the approved standard.

❖ The Project Owner cancels the credits from the registry of the approved standard prior to a listing application in the South African Registry.

❖ The approved standard will issue an Attestation of Voluntary Cancellation.

APPLICATION FOR EXTENDED LETTER OF APPROVAL

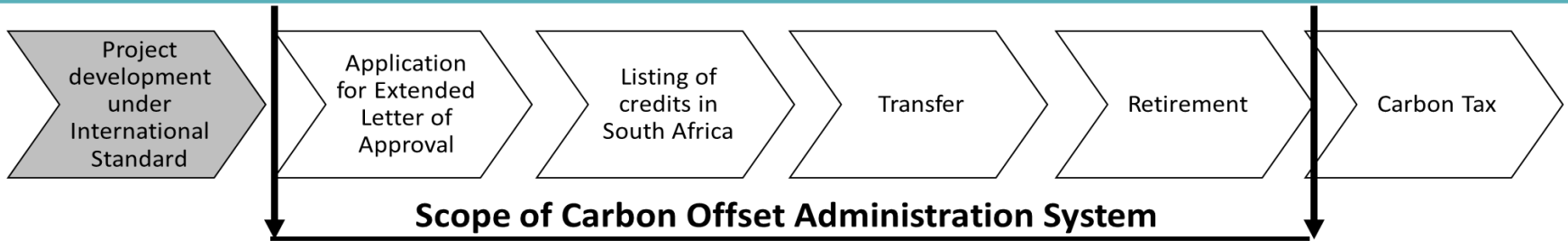| Project development under International Standard | Application for Extended Letter of Approval | Listing of credits in South Africa | Transfer | Retirement | Carbon Tax |

Scope of Carbon Offset Administration System

❖ The Extended Letter of Approval (ELoA) application requires the Project Owner to complete an online form and uploads supporting documentation.

❖ The Carbon Offset Administrator (COA) evaluates the request against the **Sustainable Development** and Eligibility Criteria.

❖ The Director General issues the ELoA on recommendation of the COA.

❖ Turnaround time – 45 days.

LISTING OF CARBON CREDITS

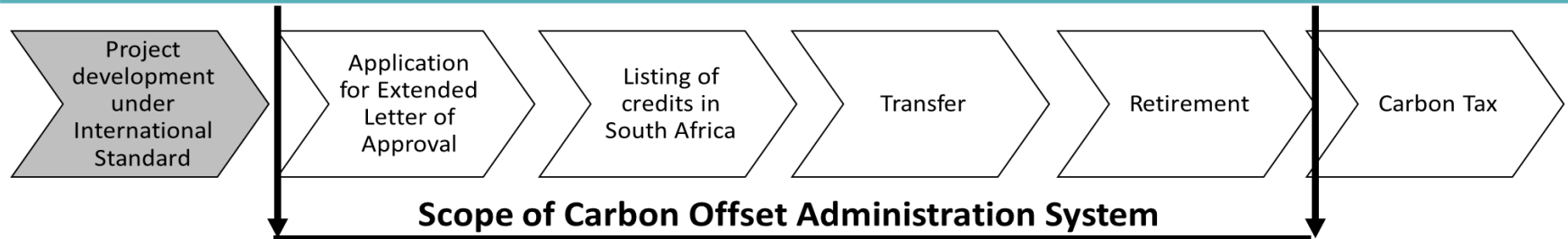| Project development under International Standard | Application for Extended Letter of Approval | Listing of credits in South Africa | Transfer | Retirement | Carbon Tax |

Scope of Carbon Offset Administration System

❖ The listing application requires the project owner to complete an online form and submit supporting documentation:
  ➢ Extended Letter of Approval; and
  ➢ Voluntary cancellation certificate from international standard.
❖ The Carbon Offset Administrator (COA) evaluates the request against the validity of the supplied documents.
❖ The credits are listed in the Ownership Repository which forms part of the South African Registry.
❖ Turnaround time – 12 days

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TRANSFER OF CARBON CREDITS

| Project development under International Standard | Application for Extended Letter of Approval | Listing of credits in South Africa | Transfer | Retirement | Carbon Tax |

Scope of Carbon Offset Administration System

❖ Listed carbon credits may be transferred to participants in the system through a transfer request.

❖ Carbon credit may only be transferred to participants registered on the Carbon Offset Administration System.

❖ Turnaround time – 2 days.

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RETIREMENT OF CARBON CREDITS

| Project development under International Standard | Application for Extended Letter of Approval | Listing of credits in South Africa | Transfer | Retirement | Carbon Tax |

Scope of Carbon Offset Administration System

❖ SARS will require the submission of a retirement certificate for carbon tax offset purposes.
❖ Only carbon credits listed on the Carbon Offset Administration System can be retired and generate a retirement certificate.
❖ Carbon credits can be retired through a retirement request on the COAS.
❖ If carbon credits are not retired, they do not expire.
❖ Turnaround time – immediate.

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SUMMARY

❖ COAS system is based on the draft regulation, and it has been developed in such a way that it can be adjusted when necessary.

❖ COAS system is designed to be resilient with respect to a dynamic regulatory environment.

❖ A significant progress has been made and detail presentations were delivered at the consultation workshops held in 4 Provinces and a meeting held with BUSA.

❖ Standard Operating Procedure and the IT system which are key to the operationalization of carbon offsets have been completed and the major issue that will be address is around the registry and its hosting.

END OF PRESENTATION

Thank You

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