

INTERNATIONAL OFFSETS NEWSLETTER

AUGUST 2020

Focus of the month: South African Carbon Offset Mechanism



HIGHLIGHTS

- Monthly International Carbon Offset Report - July
- Voluntary Market Updates
- EcoSecurities Highlights
- **Focus of the month:** South African Carbon Offset Mechanism

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MONTHLY INTERNATIONAL CARBON OFFSET REPORT - JULY 2020

International CER Price Index

- Small transaction price per CER (USD): **2,01**
- Standard transaction price per CER (USD): **0,61**

*Source: EcoSecurities International Pricing Monthly Report

Carbon Registries Update

- **Credit Issuance**
Total Volume: 22 677 555
- **Credit Cancellation**
Total Volume: 6 557 741

*Based on CDM, Verra and Gold Standard Registries information.

HIGHLIGHTS: VOLUNTARY MARKET UPDATES

CARBON MARKETS NEWS

Brazil formalises voluntary REDD+ market from UN-backed programme

July 29, 2020 – Carbon Pulse

The Brazilian government has approved the creation of a voluntary forest offset market, an outgrowth of the UN Green Climate Fund's inaugural foray into schemes designed to cut emissions by halting deforestation.

Green Recovery Update

Coronavirus: Green recovery 'could prevent 0.3C' of warming by 2050

August 7, 2020 – Carbon Brief

Global emissions have seen a significant, but temporary drop as lockdowns confined people to their homes and travel came to a standstill. But this temporary dip will only prevent around 0.01C of warming, says the new study in Nature Climate Change. It models different ways that the world could recover from the Covid-19 crisis, finding lasting climate benefits would only come about with a significant push for low-carbon investment at the expense of fossil fuels.

Climate Pledges Update

US airline Delta halves 2019 offset purchases due to COVID-19

July 31, 2020 – Carbon Pulse

Delta Airlines significantly curtailed buying carbon credits against its 2019 emissions due to the financial impact brought on by the coronavirus outbreak, the carrier said in a report published Friday.

Oil giants including Exxon set first joint carbon target

July 16, 2020 – Reuters

A group of the world's top oil companies, including Saudi Aramco, China's CNPC and Exxon Mobil, have for the first time set goals to cut their greenhouse gas emissions as a proportion of output, as pressure on the sector's climate stance grows. But the target, set by the 12 members of the Oil and Gas Climate Initiative (OGCI), means absolute emissions can rise as production increases. It is eclipsed by more ambitious plans set individually by the consortium's European members, including Royal Dutch Shell, BP and Total.

CLIMATE UPDATES

State of the climate: 2020 set to be first or second warmest year on record

July 30, 2020 – Carbon Brief

Global surface temperatures have been exceptionally warm over the first half of 2020, tying with the record warmth seen in 2016. Additionally, June 2020 was the warmest or second warmest June since records began in 1850.

Scientists concerned by 'record high' global methane emissions

July 14, 2020 – Carbon Brief

By the end of 2019, the concentration of methane in the atmosphere reached around 1875 parts per billion (ppb), researchers say – more than two-and-a-half times pre-industrial levels. Breaking down the different sources, the budget shows that rising emissions from “both the agriculture and waste sector and the fossil fuel sector are likely the dominant cause of this global increase”. This highlights the “need for stronger mitigation in both areas”.

ECOSECURITIES HIGHLIGHTS

EcoSecurities is pleased to announce that we have joined the **United Nations Global Compact** initiative – a voluntary leadership platform for the development, implementation and disclosure of responsible business practices. With this announcement, EcoSecurities is proud to join thousands of other companies globally committed to taking responsible business action to create the world we all want.

The UN Global Compact is a call to companies everywhere to align their operations and strategies with **ten universally accepted principles** in the areas of human rights, labour, environment and anti-corruption, and to take action in support of UN goals and issues embodied in the Sustainable Development Goals (SDGs).



FOCUS OF THE MONTH: SOUTH AFRICAN CARBON OFFSET MECHANISM

On July 23rd, the South African Carbon Offset Administration System (COAS) was launched, marking the full operationality of the South African carbon tax. The COAS is central to the implementation of the Carbon Tax Act as it will facilitate receipt and approval of project applications and the issuance of offset retirement certificates.

BACKGROUND

The South African Carbon Tax, which became effective as of June 1, 2019, is designed to allow carbon-taxpayers to offset their greenhouse gases (GHG) emissions up to 10% of their tax liability while fostering and channelling investments to certified emission reduction projects. Its implementation directly contributes to South Africa's NDC.

KEY FEATURES

Phase I will run from June 2019 to December 2022, the **tax rate is of ZAR 120/tCO₂e** (USD 6.90/tCO₂e), has a broad GHG coverage (CO₂, methane, N₂O, PFCs, HFCs, and SF₆), and applies to most stationary and specific non-stationary GHG sources including:

- fossil fuel combustion and electricity generation,
- fugitive emissions such as methane emissions from mining,
- industrial processes: cement, iron, steel, glass, ceramics.

Phase II will run from 2023 onwards. Higher tax rate and more stringent regulations are expected.

CREDITS MAIN CHARACTERISTICS

Only credits from the Clean Development Mechanism (CDM), the Verified Carbon Standards (VCS) and the Gold Standard Registries are eligible. Also, the credits must originate from South African projects and should not have receive benefits from other government incentives, such as the renewable energy procurement programme or the energy efficiency tax incentive. Eligible projects mainly focus on transport, waste and Agriculture, Forest and Other Land Use (AFOLU) sectors. Certain renewable energy and energy efficiency projects are also in the scope.

CARBON TAX MECHANISM



WHAT IT MEANS FOR YOU

With the launch of the CAOS, everything is in place for South Africa's Carbon Tax. South African Carbon Tax payers can prepare their carbon tax levy account and allowances from carbon offset, trade exposure and carbon intensity performance can now be claimed.

If you are concerned by the Carbon Tax Act, acquiring carbon offsets now is a good time to reduce your tax liabilities. With its wide portfolio and previous experience in supplying offsets for the South African Carbon Tax, EcoSecurities is best suited to support you in this process. **Get in touch!**

THE SOUTH AFRICAN CARBON OFFSET ADMINISTRATION SYSTEM (COAS) WAS LAUNCHED IN JULY. COAS WILL FACILITATE RECEIPT AND APPROVAL OF PROJECT APPLICATIONS AND THE ISSUANCE OF OFFSET RETIREMENT CERTIFICATES.

EcoSecurities is a pioneer in carbon markets and greenhouse gas (GHG) mitigation projects worldwide. We are experts in sourcing, developing and financing projects with a positive environmental impact. Founded in 1997, EcoSecurities grew to become the largest and most influential company in this sector. Today, EcoSecurities is an Environmental finance boutique, with an international presence in 5 continents and a portfolio of more than 100 projects capable of generating carbon credits. EcoSecurities provides technical and financial services to projects, companies and governments. We bring access to environmental markets such as carbon markets, renewable energy certificates, plastic recycling credits, etc.

Some of the main solutions we may offer are:

- Services related to Carbon and climate corporate strategies (design and implementation of climate strategies, CDP, GRI related services)
- Carbon and plastic corporate footprints
- Carbon emission abatement plans and neutralisation plans
- Corporate compliance plans to local carbon pricing
- Project identification and financial and feasibility assessment
- Project Structuring and Project Finance studies
- Offset project development (new methodologies, project cycle activities, portfolio management)
- Project procurement (for buyers and users)
- Marketing of offsets (for sellers and project developers)
- support on structuring and negotiations; Structured transactions
- Trade finance solutions
- Climate finance and environmental finance regional studies
- Design and implementation of carbon pricing schemes
- Design and implementation of EPR and reverse logistics schemes
- Corporate strategic review in a carbon constrained world



CONTACT

- If you are a **carbon offset project developer** and is seeking technical or commercial support, or if you are a **corporation looking for carbon offset solutions**, please contact: carbonoffset@ecosecurities.com
- If you are a **corporation looking for consultancy and advisory on climate solutions**, please contact: corporatesolutions@ecosecurities.com
- If you are a **government, NGO or international agency looking knowledge and experts** in climate finance, carbon pricing, carbon markets, please contact: info@ecosecurities.com
- For individuals looking for **job opportunities, partnership opportunities or climate solutions**, please contact: workwithus@ecosecurities.com



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