



TOWARDS A SUSTAINABLE
LOW CARBON ECONOMY

**STATE OF THE
SOUTH AFRICAN
CARBON MARKET
2024**

BRUNDTLAND

Henk Sa
December 2024

01

THE 2024 SA CARBON MARKET

02

CARBON TAX OFFSET DEMAND & SUPPLY



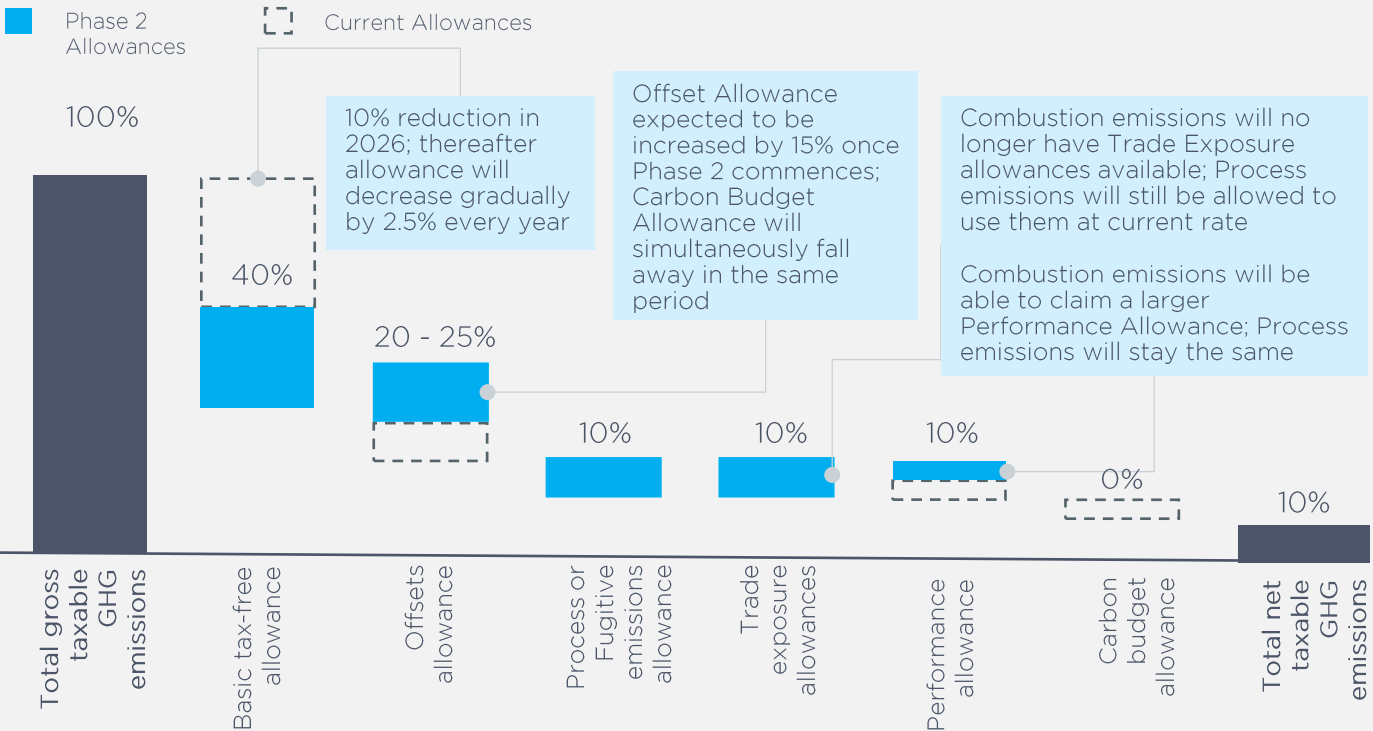
THE 2024 SA CARBON MARKET

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The Carbon Tax Waterfall and rates^{1,2}

Current and Proposed Phase 2* Carbon Tax Allowances



Carbon Tax rate (ZAR/tCO₂e)

Year	Price	Change
2019	120	N/A
2020	127	6%
2021	134	6%
2022	144	7%
2023	159	10%
2024	190	19%
2025	236	24%
2026	308	31%
2027	347	13%
2028	385	11%
2029	424	10%
2030	462	9%
2031+	Increased by the CPI annually*	

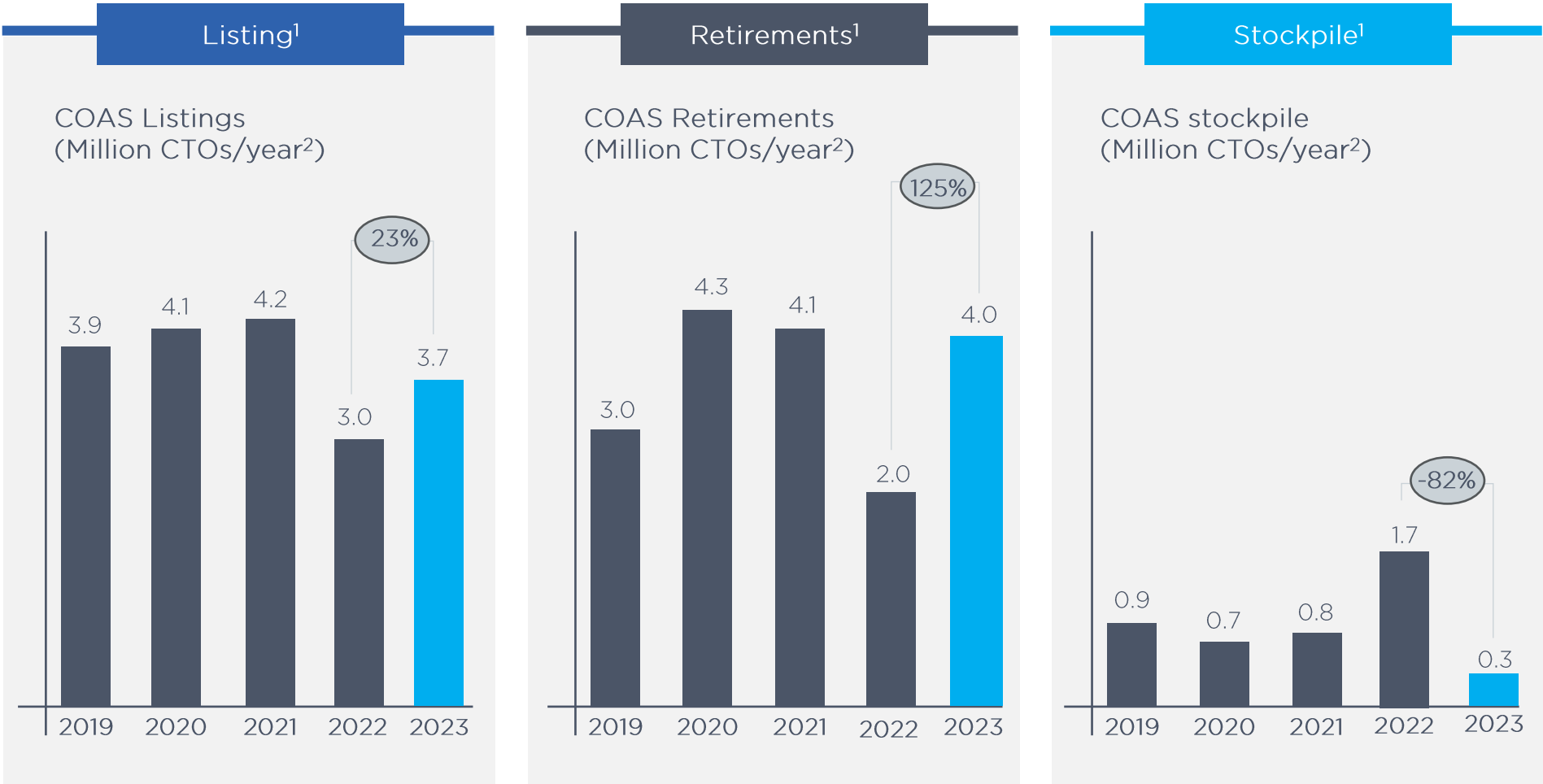
*The phase 2 carbon tax amendments are expected to be published in 2025 or 2026 and implemented from 2026 onwards

*The exact escalation rate is uncertain; assumption is that it will revert to past escalation

Notes/sources:

- Note these allowances show previous allowances (before 2026) and the allowances based on the proposed Phase 2 of the Carbon Tax in 2030.
- Source: South African Carbon Tax act (Act No. 15 of 2019), as amended by the Taxation Laws Amendment Act 2022 (Act No. 20 of 2022) (SA Carbon Tax), National Treasury 2024 Phase 2 of the Carbon Tax.

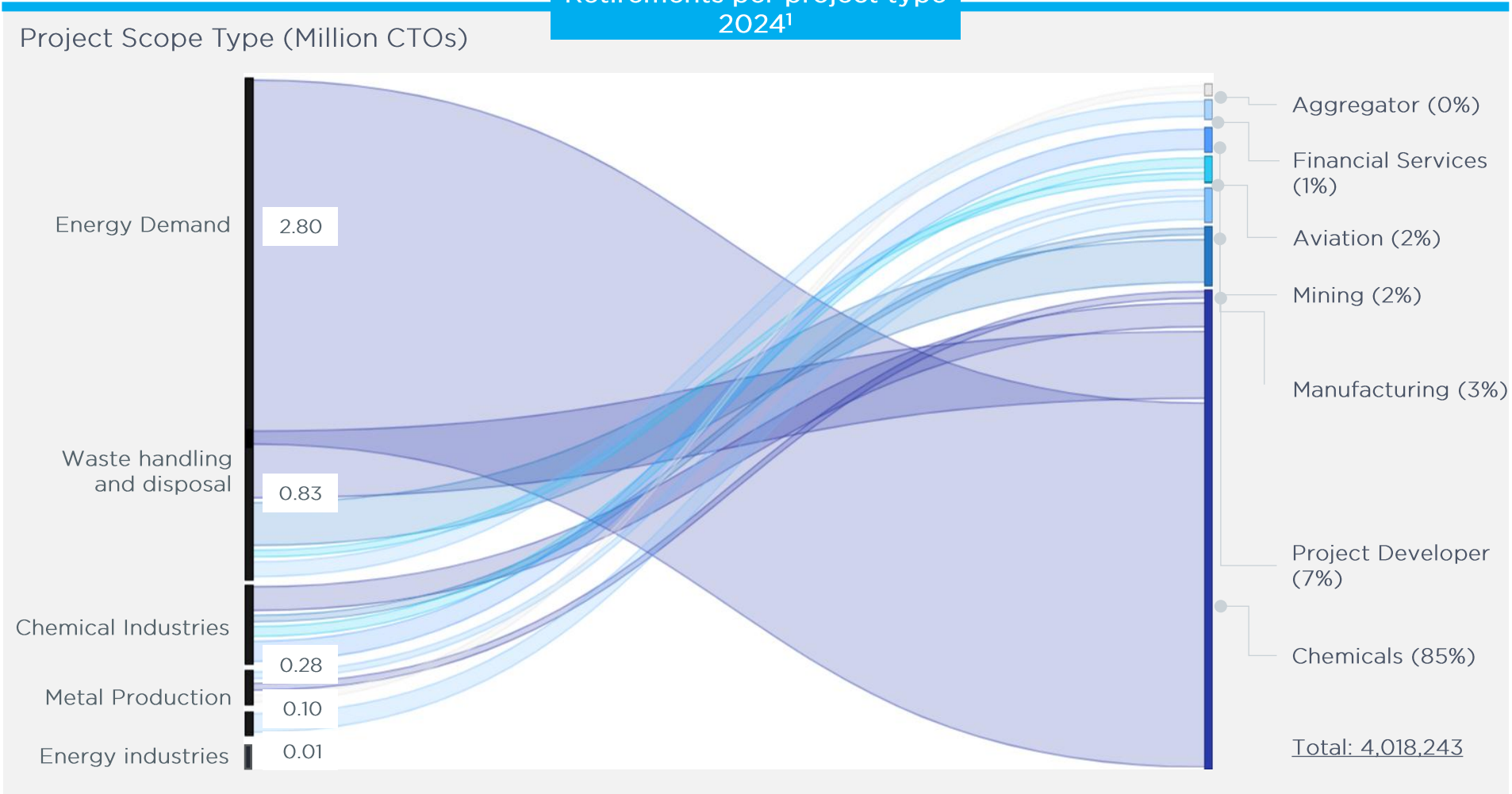
COAS MOVEMENTS OVER TIME



Notes/sources:

- 1. Source: Carbon Offset Administration System (COAS)
- 2. Note: Transactions included up till the tax deadline (July) in relation to the previous carbon tax year (Jan – Dec)

Retirements per project type
2024¹



Notes/sources:

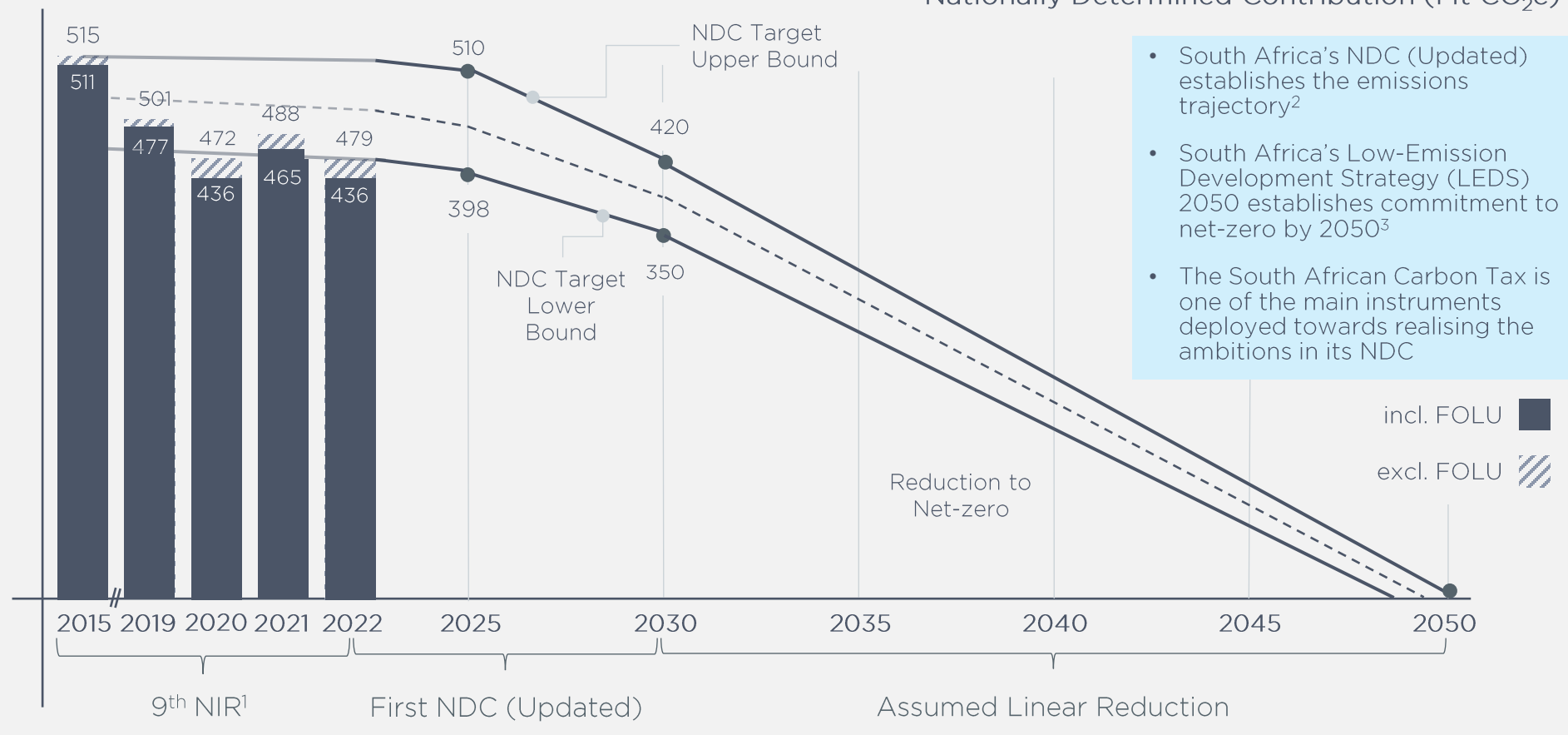
- 1. Source: Carbon Offset Administration System, Brundtland Team analysis
- 2. Note: Transactions included up till the tax deadline (July) in relation to the previous carbon tax year (Jan - Dec)

CARBON TAX
OFFSET DEMAND &
SUPPLY

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South Africa's NDC

Nationally Determined Contribution (Mt CO₂e)

Notes/sources:

- Source: Department of Forestry, Fisheries and the Environment, 2024: Draft National GHG Inventory Report South Africa 2000 - 2022. Pretoria. (NIR9)
- Source: Republic of South Africa, 2021: South Africa First Nationally Determined Contribution Under The Paris Agreement (Updated) (Updated SA NDC)
- Source: Republic of South Africa, 2020: South Africa's Low-Emission Development Strategy 2050. (LEDS)

CTO supply

CTO supply forecast per project type
(CTOs/year³)



Arrows show change from 2023 supply

Notes/sources:

1. Note: In line with the offset regulations the applied cut-off date is 31 July 2019. All Phase I and some Phase II have expired as at 31/07/2024
2. Note: Extrapolated from projects currently operational/under development. Limited by the maximum potential and/or NDC trajectory
3. Source: A wide range of sources were utilised, including: the CDM, VCS, GS project databases, the COAS, and Brundtland team analysis

Modelling Scenarios



Default Compliance scenario

Current trajectory of emissions reduction maintained

- ✓ Upper bound of NDC emissions target assumed; Offset Allowance and uptake % stays as is
- ✓ Supply of projects assumed to grow steadily at the current observed rate



Green South Africa scenario

Proactive Carbon Mitigation enforced by South Africa leading to reduced emissions

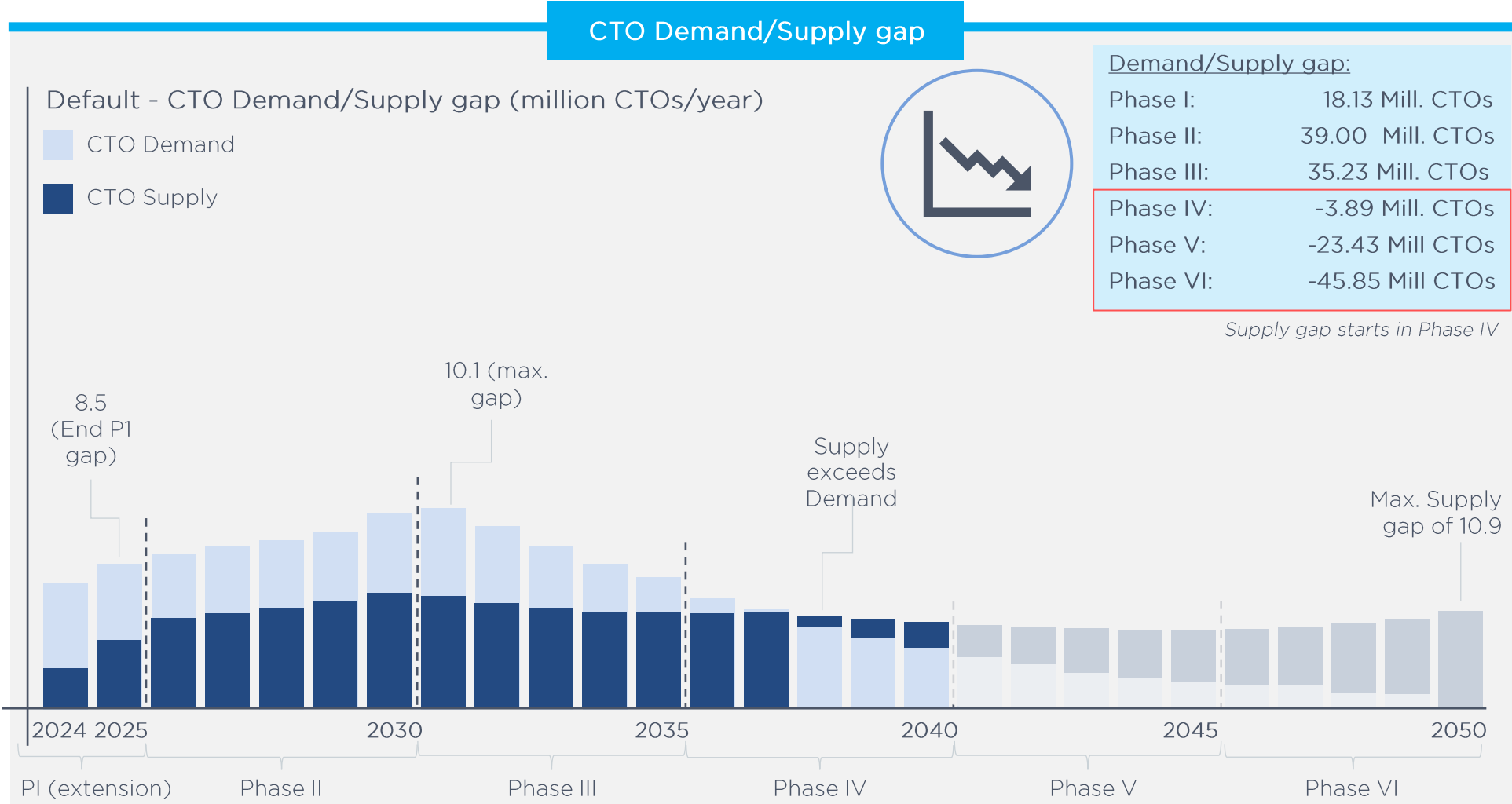
- ✓ Lower bound of NDC emissions targets assumed; Offset Allowance increased by 15%, uptake % also increased by 20% across sectors
- ✓ Fossil fuel mitigation and Natural Climate Solutions projects assumed to grow aggressively



Grey South Africa scenario

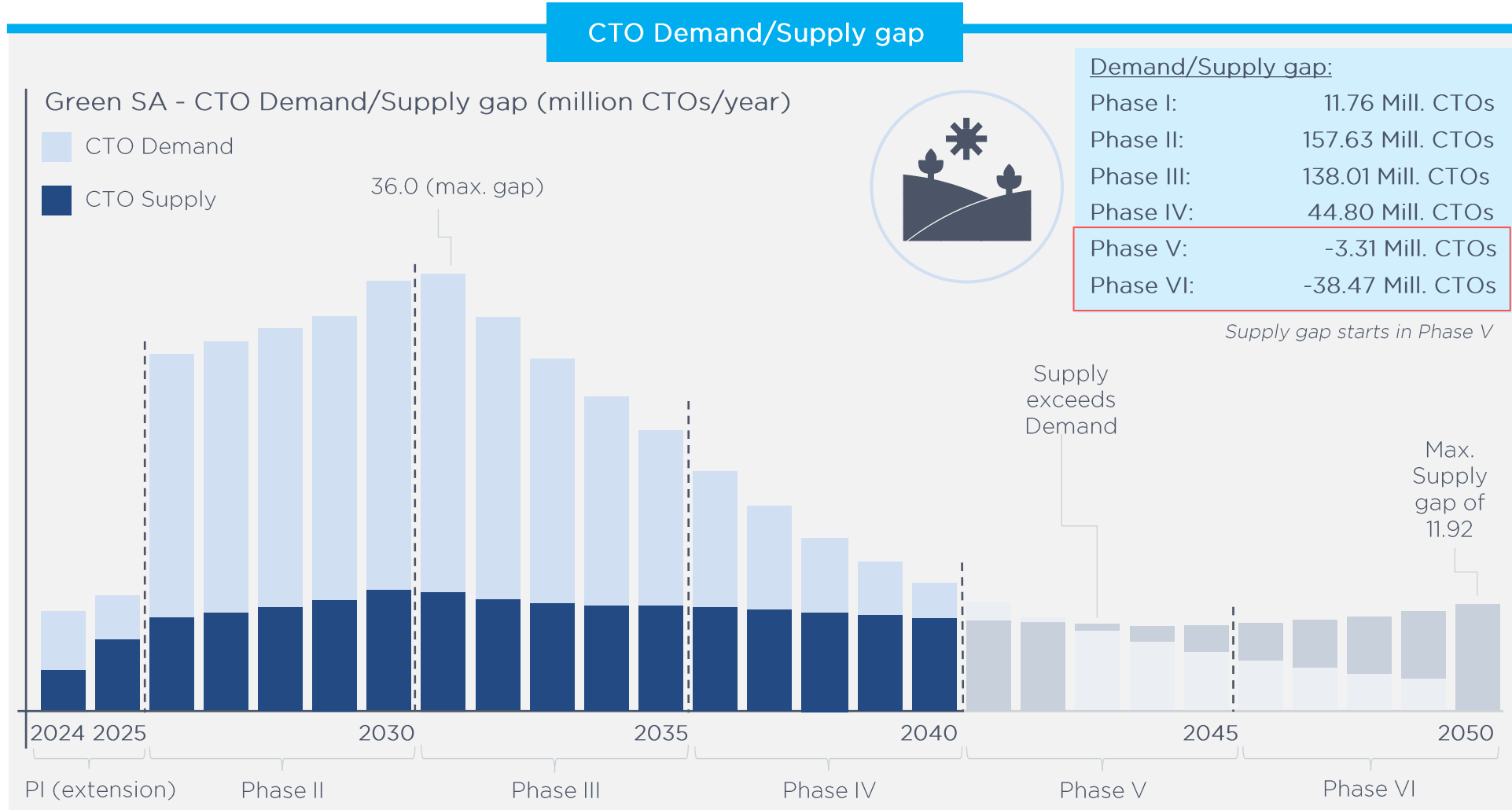
Slower emissions reductions, less supply of carbon projects

- ✓ Upper bound of NDC emissions target plus 20% assumed; Offset Allowance and uptake % stays as is
- ✓ Fossil fuel mitigation and Natural Climate Solutions projects assumed to steadily decline



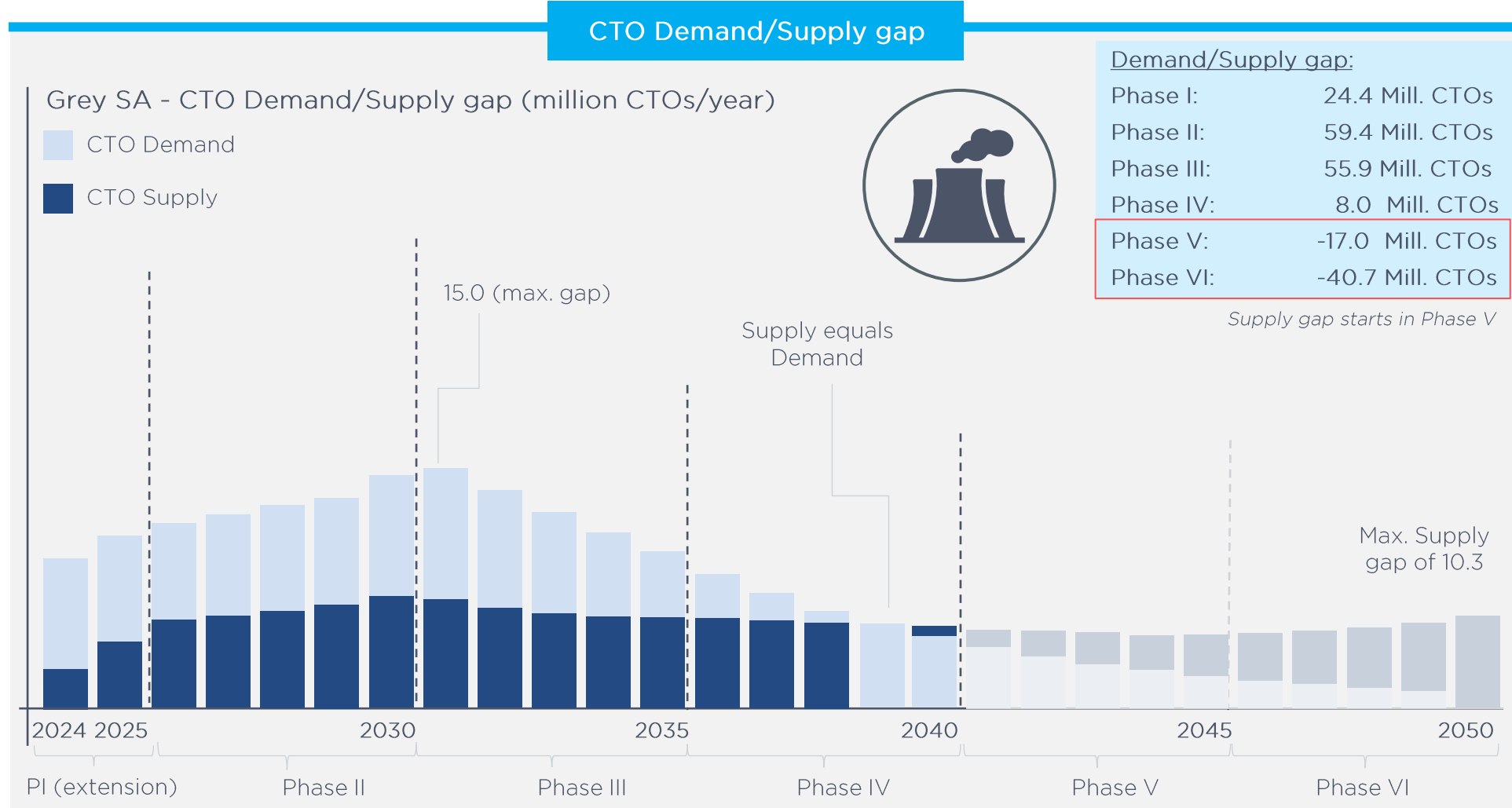
Notes/sources:

1. Source: Brundtland Team analysis.



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Demand/Supply Impact Drivers

Driver Type	Description	Impact	Demand Volume	Supply Volume	CTO Price
Market Factor	Increased Global Carbon Credit Price	High	–	▼	–
	ZAR Weakens (relative to USD and EUR)	High	–	▼	–
	ZAR Strengthens (relative to USD and EUR)	Low	–	▲	–
	Increased Market Uptake	Med	▲	–	–
	CBAM accepts CTO cost as domestic carbon cost	Med	▲	–	▲
Intervention Required	Increased Offset Allowance under Carbon Tax	Low	▲	–	–
	Incremental expansion of CTO Eligibility Criteria (e.g. 12L)	Med	–	▲	–
	Radical expansion of CTO Eligibility Criteria (e.g. SADC credits)	High	–	▲	▼
	Expansion of Carbon Tax coverage (e.g. including Agriculture)	High	▲	▼	–
	Local Standards included under Carbon Tax	Med	–	▲	–
	Stimulate financial project viability (e.g. reintroduce 12K)	Med	–	▲	–
	Offsetting against Carbon Budgets introduced (R600 / tCO ₂ e)	High	▲	–	▲
	Tax rate increase (e.g. realignment with Global Pricing, CBAM)	Med	–	–	▲
	Article 6.2 limitation on export of CTO eligible credits	Low	–	▲	–

Notes/sources:

1. Note: From the perspective of the CTO Market



Global Driver Impact (Low to High)



Local Driver Impact (Low to High)

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