

National Treasury
Attn: Sharlin Hemraj
Address: 240 Madiba Street, Pretoria
Tel: +27 12 315 5111
Email: Sharlin.Hemraj@treasury.gov.za

Date: 25 March 2022

Subject: Request for the extension of the eligibility period of carbon credits to align with the extension of the first phase of the carbon tax.

Dear Ms. Hemraj,

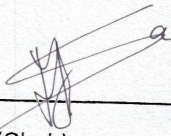
During the annual budget speech of 2022, the Minister of Finance, Enoch Godongwana, announced that "*The first phase of the carbon tax, with substantial allowances and electricity price neutrality, will be extended to 31 December 2025.*" On behalf of the South African Carbon Market Association (SACMA), we herewith request that the Regulations on Carbon Offsets (GN 1556 of 29 November 2019 as amended on 8 July 2021, "Offset Regulations") are revised to accommodate the extension of the first phase of the carbon tax.

Regulation 2(2) of the Offset Regulations regulates offsets in respect of approved projects in existence prior to the enactment of the Carbon Tax Act, and provides that such offsets are eligible "*if that offset is utilised for the purpose of these Regulations on or before 28 July 2023 in relation to the first phase of the carbon tax ending on 31 December 2022.*" Now that the first phase of the carbon tax has been extended to 31 December 2025, we request that this part of the wording in subregulation (2) is replaced to read "*if that offset is utilised for the purpose of these Regulations on or before 28 July 2026 in relation to the first phase of the carbon tax ending on 31 December 2025.*" The alignment is important not only for the continued successful operation of the South African carbon market, which the newly established Southern African Carbon Markets Association (SACMA) represents, but it is legally consequential, as the Offset Regulations are delegated legislation under the Carbon Tax Act 2019, and must align with the periods specified therein.

In addition to aligning the end of the first phase under the Offset Regulations with that provided for under the Carbon Tax Act, the proposed amendment will enable the use of carbon tax offsets for the full last year of the first phase as the due date for the carbon tax is seven months later on the 28th of July 2026.

Please do not hesitate to contact any of the below members of the interim SACMA Executive Council for any further clarification on our request.

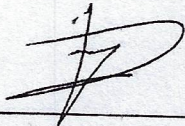
Regards,



Henk Sa (Chair)

Partner


EcoMetrix Africa



David Cornish (Treasurer)

General Manager

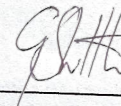
ENERGY Systems SA (PTY) LTD



Jenine de Wet (Member)

South Africa Country Manager

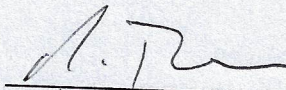
WeAct Pty Ltd



Grant Little (Secretary)

Senior Carbon Developer

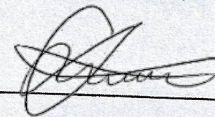
Climate Neutral Group South Africa



Robbie Louw (WG coordinator)

Director

Promethium Carbon



Olivia Rumble (Member)

Director

Climate Legal (Climate change
and carbon markets specialist
legal consultancy)