



Chilean Emission Offset System

Ministry of the Environment of Chile
June 24, 2024



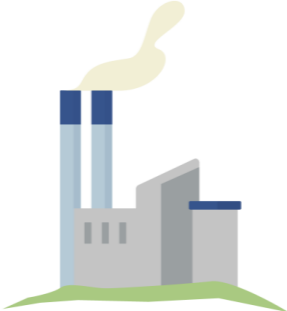
Green Tax

- **30%** of GHG national emissions.
- **5 USD/ton**.
- **Global** and **local** pollutants.
- Emissions thresholds (<25,000 tCO₂eq per year).
- Emitters can deduct the amount payable through **emission reduction certificates from 2024 onwards**.



Emission Offset System

Demand (-)



Green Tax



Supply (+)



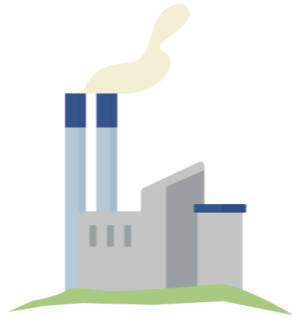
External Crediting Mechanism

Domestic Crediting Mechanism

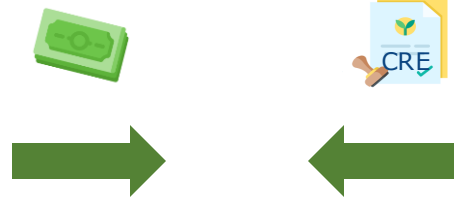


Phases

Demand (-)



Green Tax



Supply (+)



1

External Crediting Mechanism

2

Domestic Crediting Mechanism

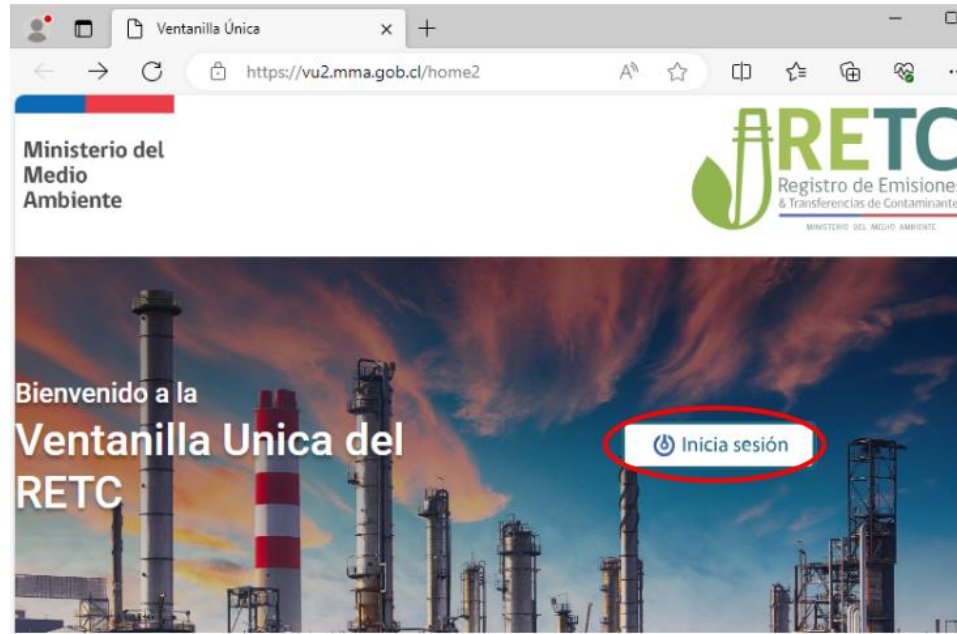


Phase 1: Recognition of external mechanism

- Generate initial **momentum**.
- Benefit from national and international **experience**.
- Buy time to generate **national capacity**.
- Alignment with **international efforts**.



Recognition of external mechanism



First results 2024



- Offsetting of 260.000 tCO₂eq.
- 1% of total demand.
- 8 emissions reduction projects
- Renewable electricity generation.



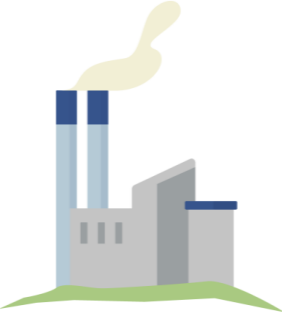
Phase 2: Domestic crediting mechanism

Benefits	Challenges
<ul style="list-style-type: none">• Alignment with internal priorities (ancillary benefits).	<ul style="list-style-type: none">• Technical and institutional capacity (e.g. auditors).
<ul style="list-style-type: none">• Complement external programs.	<ul style="list-style-type: none">• Available financial resources.
<ul style="list-style-type: none">• Cost containment.	<ul style="list-style-type: none">• Incorporation of the private sector.
<ul style="list-style-type: none">• Strengthening internal capacity.	<ul style="list-style-type: none">• Intra and inter-institutional work.
	<ul style="list-style-type: none">• Articulation with other instruments.

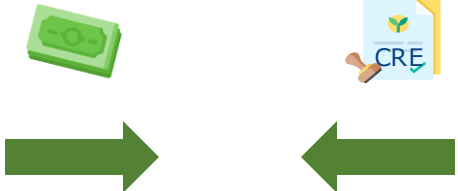


Emission Offset System

Demand (-)



- Green Tax
- GHG standards
- Article 6 Paris Agreement
- Voluntary market
- Environmental Impact Assessment System
- Superintendency of the Environment



Supply (+)



- External Crediting Mechanism
- Domestic Crediting Mechanism



Thank you



For more information visit the website:
<https://portalcompensaciones.mma.gob.cl>

or write to
compensations@mma.gob.cl

Lessons learned and challenges

1. Consideration of national characteristics.
2. Joint work between institutions.
3. Definition of State policies.
4. Need to generate synergy with the country's environmental goals.
5. Recognition of new standards.
6. Potential development of a National Certification Program for Emissions Reduction Projects
7. Articulation with other environmental management instruments.



Phase 1: Homologation



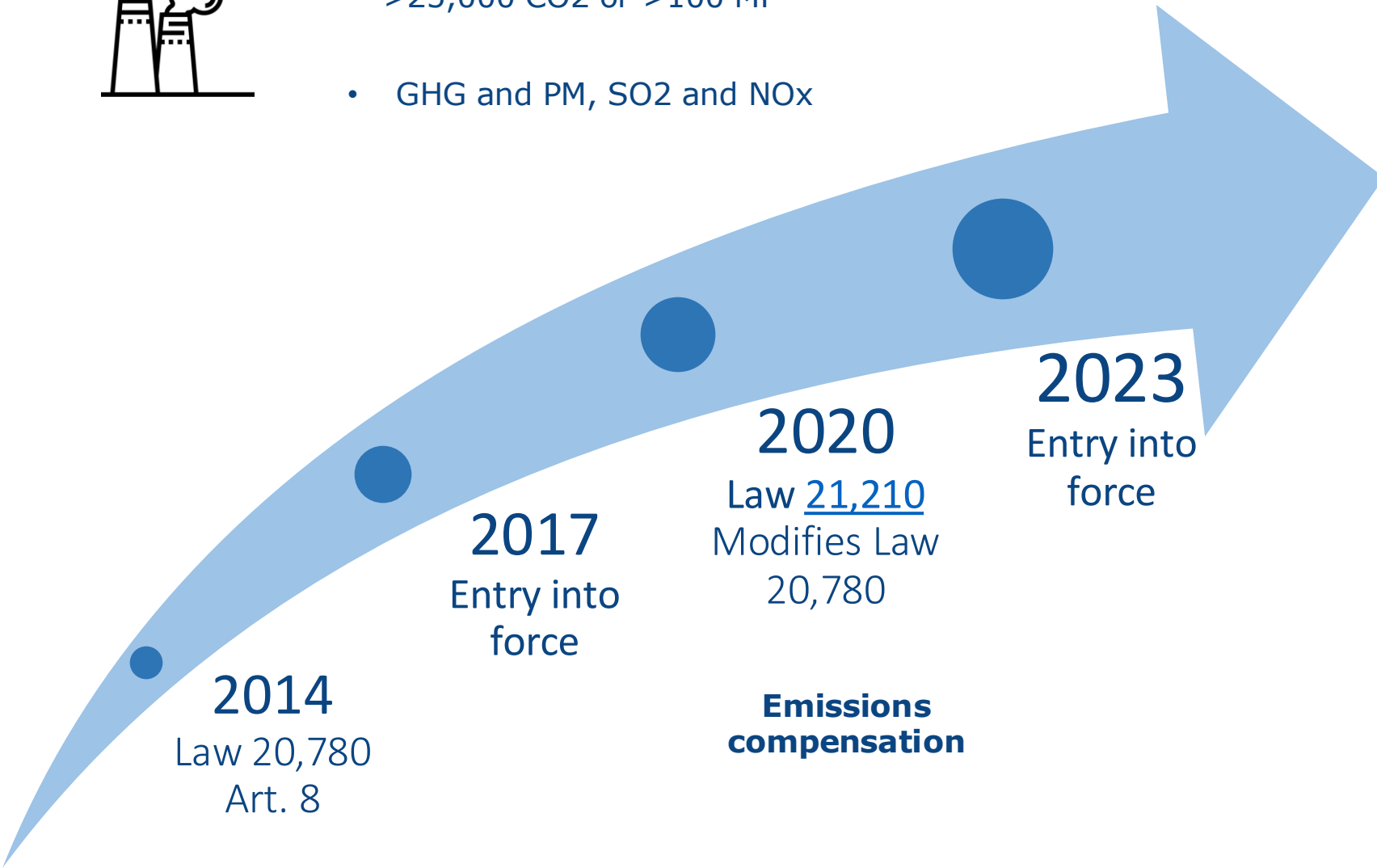
***Exclusions** in force (electricity generation >5%)



1. Origin: Green tax and Emissions Compensation system



- Threshold of Affectation
>25,000 CO2 or >100 MP
- GHG and PM, SO2 and NOx



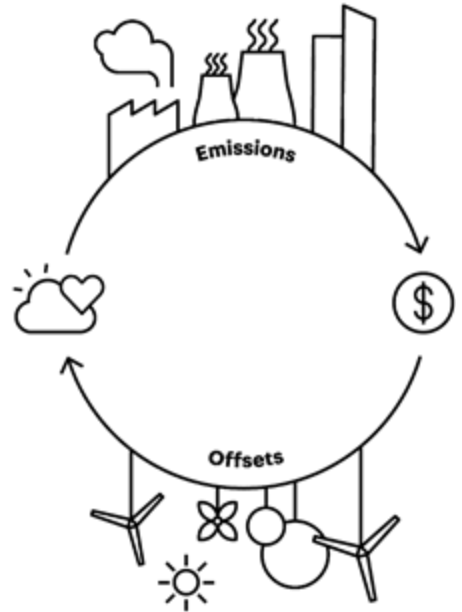
2014
Law 20,780
Art. 8

2017
Entry into
force

2020
Law 21,210
Modifies Law
20,780

2023
Entry into
force

**Emissions
compensation**



National Certification Program

- **Definitions**
 - **Credit Integrity Degree**
 - **Project typologies** to prioritize (which ones and how much)
 - **Auditors** (requirements)
- **Considerations**
 - Costs for the State
 - **Complementarity** of the instrument with existing standards

