Carbon Budget Phase I Extension

Draft Guidance Document v02

12 February 2021

1. **The conditions for participating in Phase I Extension of Carbon Budgets**
2. The Company must have relevant facilities registered in **SAGERS**
3. For those companies that participated in the first phase of the CB process, a **2016 to 2020 CB and PPP Performance Review** submission must be submitted if a company has participated in Phase I carbon budgets.
4. A **2020 annual PPP submission** must be completed if required to do so.
5. **Any company wishing to participate** in the Carbon Budget programme may submit an application, no threshold is required
6. **Carbon Budget submission are to include:**
7. The **carbon budget period for the Phase 1 Extension will be 5 calendar years**. Data must include 1 January 2021 to 31 December 2025 data projections.
	1. **For new companies that have not participated in Phase I** carbon budgets, 1 January 2016 to 31 December 2020 actual data must also be included.
8. All Direct emissions under operational control of a company within the national reporting boundaries should be reported:
	1. This is to include all greenhouse gases as listed in the GHG Reporting Regulations resulting from fuel use and processing, process, fugitive sources
	2. Activities to include are not restricted to the activities listed in Reporting Regulations. All emissions are to be included with the exception of mobile road transport.
	3. There is no threshold for materiality, all direct emissions should be included.
	4. If data does not exist for an activity after company has made all attempts to acquire this data it is possible to approximate such data using those surrogate methods stipulated in Chapter 5, Volume 1 of the 2006 IPCC Guidelines. A clear and transparent method to approximate data is to be provided with the submission.
9. Data is to be provided at the facility level within the company. Clear and disaggregated data is to be provided to the level of fuel type, process type, activity data as well as emissions data.
10. Methods stated in the Technical Guidelines for Reporting of GHG Emissions are to be followed to estimate emissions. If a specific activity or process, emission factor or other input is not listed in the Technical Guidelines for Reporting of GHG Emissions, the IPCC 2006 Guidelines is to be used.
11. The method used is to be the same as reported in the SAGERs system (e.g. tier approach used)
12. The submission data and associated assumptions and calculations is to be included and visible in the carbon budget template document.
13. Method to estimate Projected Emissions – note that an adjustment is possible to be made in the future:
	1. Production values and / or emissions intensities used for projected emissions should be based on the options below. If the company wishes to estimate production values differently company specific and/or sectoral specific information should be included to justify the production values:
		1. Production levels and are similar to a base year as selected within the period 2016 to 2020
		2. Production growth rates are in line with National Treasury expected GDP growth rates
			1. The Medium term budget speech suggests a 3.3% growth in 2021 and 2.1% growth thereafter
		3. Production growth is in line with company executive decisions and such evidence can be provided

Note, also, If intensities are used to project emissions the selected intensity must be justified and relevant to the current company circumstances.

1. The data is to be aggregated up to the entity level through clear and transparent calculations
2. The projected data submitted by the company should reflect the structure of the company at the time of submission. Including a change to the structure or operations (e.g. merging, expanding, selling of assets) can only be included if it has been formally signed by the board. A review of the budget is to be requested once the change is formally agreed upon and evidence of this can be provided to DEFF.
	1. A request should be made if the change results in an increase or decrease in annual emissions of 5 per cent or more.
	2. For a carbon budget adjustment, the company is to provide clarity on the change that warrants a review of the budget. Information should be provided on the emissions occurring without the change, after the change and the difference that will result from the change. See D. 8
3. **Administrative Process of Phase I Extension Carbon Budgets for companies:**
4. All correspondence should be made by email to CarbonBudget@environment.gov.za
5. Complete submissions must be **submitted no later than 30 October 2021**
6. A **suggested template** is provided by DEFF.
	1. Companies who have participated in Phase I carbon budgets should submit 1 January 2021 to 31 December 2025 information.
	2. New companies (without a Phase I carbon budget) should submit historical data: 1 January 2016 to 31 December 2020 in addition to the 2021 to 2025 data.
7. **Acknowledgement of receipt** of submission will be sent within 72 hours.
8. **Company responses to DEFF** information requests should occur within 4 weeks
9. Once all the necessary data is received by DEFF a **carbon budget allocation decision will occur within 6** weeks after receiving the necessary data. The company will be notified by email.
10. A **letter of allocation** will be directed to the company to confirm the carbon budget once the budget has been finalized.
11. Once allocated, the company is to request a **carbon budget allocation adjustment** if the company observes any structural change or other change that has an impact on operations. A request should be made if the change results in an increase or decrease in annual emissions of 20% or more. The request should be initiated within 90 days of the finalization of the changed operations. If a company does not notify the department an allocated carbon budget may be cancelled. See D5 below.

Impacts on operations include:

* 1. Merging or selling of assets
	2. Expansion of production lines, increased production
	3. Restructuring the company