

## Chile

### General Information

#### Summary

**Status:** ETS under consideration

**Jurisdictions:** Chile

Since 2013, Chile has been conducting a series of studies on the design and implementation of carbon pricing instruments in the country.

In the tax reform of 2014, a green tax for some fixed sources was introduced. In this context, stationary emission sources over 50MW of installed thermal capacity (MWt) are subject to a carbon tax—set at USD 5 per tCO<sub>2</sub>— as well as to a tax on local pollutants (SO<sub>2</sub>, NO<sub>x</sub>, and particulate matter).

In 2019, regulatory activities on carbon pricing focused primarily on two elements:

- the further improvement of the carbon tax. A modification of the carbon and local pollutants tax was sent to Congress in 2018 (in the context of a second revision of the tax reform) to change to an emissions-based threshold and include the use of offsets in the tax. The tax reform was approved in January 2020, with offset provisions still under elaboration; and
- the accompanying MRV system (see “MRV” section below).

In addition, the Chilean Ministry of Environment is leading the development of a ‘Framework Law on Climate Change.’ The draft underwent a public consultation process and high-level approval by the Council of Ministers for Sustainability. It sets a carbon neutrality goal by 2050, alongside a detailed governance framework to reach it. Also, the draft law defines a system in which the Ministry of Environment would establish GHG emissions limits to individual or groups of emitting sources; the surplus in the fulfilment of the emission limits would be certified as an emission reduction by the Ministry of the Environment, and regulated entities would in turn be able to sell this surplus. The law also allows those regulated entities to implement mitigation projects and use the certified reductions to either achieve the standard or transfer those reductions to third parties. A dedicated registry would track the projects and the transfers. The law was sent for Congress’s approval in January of 2020.

Chile will continue its cooperation with the PMR in 2020. Work is expected to focus on a roadmap for implementing the changes to the carbon tax, as well as on deepening the understanding of the role of carbon pricing in carbon neutrality, including the development of the system contained in the draft climate change law.

With regards to offsets and emissions reductions, Chile joined the Warehouse Initiative of the World Bank with the aim of developing a GHG mitigation portfolio of energy projects. These outcomes could potentially be transferred in the context of Article 6 of the Paris Agreement. MRV protocols and third-party verification procedures are part of this Article 6 piloting endeavor. The certification and verification of mitigation results has been piloted using block-chain technology of 10 installations of the public PV roof program.

#### Year in Review

No information available yet.

Overall GHG emissions (excluding LULUCF)	<b>Emissions:</b> 111.7 MtCO <sub>2</sub> e (2016)	
Overall GHG emissions by sector	Sector Name	MtCO <sub>2</sub> e
	Energy	87.1
	Agriculture	11.8
	Industrial processes	6.9
	Waste	5.8
Overall GHG reduction target	<p><b>BY 2020:</b> Under the UNFCCC and conditional to external support, Chile has pledged to reduce projected BAU emissions by 20% (as projected from 2007)</p> <p><b>BY 2030:</b> 30% reduction of emissions intensity compared to 2007, in terms of CO<sub>2</sub>/unit of GDP. Conditional to international funding, 35-45% reduction of emissions intensity compared to 2007, in terms of CO<sub>2</sub>/unit of GDP (NDC). An update to the 2030 NDC is currently being considered and is undergoing public consultation.</p>	
Carbon Price	<i>Current Allowance Price (per t/CO<sub>2</sub>e):</i> No information available yet.	

## ETS Size

Emissions covered by the ETS	No information available yet.
GHG covered	No information available yet.
Sectors covered and thresholds	No information available yet.
Point of regulation	No information available yet.
Number of liable entities	No information available yet.
Cap	No information available yet.

## Phases & Allocation

Trading period	No information available yet.
Allocation	No information available yet.

## Flexibility

Banking and borrowing	No information available yet.
Offsets and credits	No information available yet.
Market Stability Provisions	No information available yet.

## Compliance

Compliance Period	No information available yet.
Monitoring, Reporting, Verification (MRV)	The current GHG MRV system serves primarily the implementation of the carbon tax. Current regulations determine that operators of boilers and turbines of 50 MW or more

of thermal capacity are required to monitor and report emissions through government-approved methodologies. Participation thresholds have been changed by the approved tax reform. With these changes, the carbon tax will apply to entities that emit more than with 25,000 tCO<sub>2</sub> and/or 100 tonnes of particulate matter due to combustion processes per year.

The Chilean government is currently developing a new mandatory air pollutants report under the Pollutant Release and Transfer Register for entities regulated under the tax and other norms. This would unify the various reporting needs and improve the quality of the information provided. This new system, developed with support from the PMR, covers four GHGs and local pollutants, among others. The registry infrastructure is expected to enter operation around March 2020.

**VERIFICATION:** Verification procedures are administered by the Superintendence of the Environment under the Ministry of the Environment (no third-party verification is currently used).

Enforcement	No information available yet.
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## Linking

Links with other Systems	No information available yet.
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## Other Information

Institutions involved	Ministry of Energy; Ministry of the Environment; Ministry of Finance; Inter-Ministerial Committee on Climate Change; PMR Chile (Precio al carbono Chile)
Evaluation / ETS review	No information available yet.
Revenue	No information available yet.
Implementing Legislation	No information available yet.

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