

# Kazakhstan Emissions Trading System

## General Information

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### ETS Description

Kazakhstan launched its ETS (KAZ ETS) in January 2013. It covered around half of Kazakhstan's CO<sub>2</sub> emissions in 2024, stemming from 229 installations in the power, centralized heating, extractive industries, and manufacturing sectors. Covered entities must surrender compliance units (allowances or domestic offset credits) for all their covered emissions, and allowances are distributed for free.

The KAZ ETS cap is based on historical data on installations' production volumes and established benchmarks. A reserve of allowances, on top of the cap, is available to covered entities in case they increase their production volume as well as for new entrants. In 2024, a total of 11.5 MtCO<sub>2</sub> allowances from the reserve were issued to 102 installations.

Since 2021, all allowances have been allocated via benchmarking. There is no quantitative limit to the offset credits that covered entities can use for compliance. Domestic offset projects in all economic sectors that are not covered by the ETS can generate credits. In 2023, a domestic offsetting standard, the Qazaq Green Certificate Program, was developed. However, credits certified under this standard are currently not eligible under the KAZ ETS.

Previously, groundwork for the development of the ETS was laid out in 2011 through amendments to Kazakhstan's existing environmental legislation. The system was briefly suspended in 2016 and 2017 to tackle operational issues and reform allocation rules, although MRV obligations still applied.

### ETS Status

in force

### Jurisdictions

Kazakhstan

### Year in Review

A draft national allocation plan for the period from 2026 to 2030 was published in October 2025. It envisages annual reductions of the cap in this period of 10.4- 23%, compared with the 2025 level. The introduction of auctioning is currently under development.

### Sectoral coverage

Mining and extractives  
Industry  
Power

## Emissions & Targets

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### Overall GHG Emissions excl. LULUCF (MtCO<sub>2</sub>e)

345.8 MtCO<sub>2</sub>e (2023)

### GHG reduction targets

**By 2035:** 17% (unconditional) to 25% (conditional) reduction from 1990 GHG levels (updated NDC)

**By 2060:** Carbon neutrality (“Strategy on achieving carbon neutrality by 2060”)

## Size & Phases

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### Covered emissions (2023)

44.00%

### Verified ETS Emissions

152.90MtCO<sub>2</sub>e

### GHGs covered

CO<sub>2</sub> only

### Phases

**PHASE 1:** One year (2013)

**PHASE 2:** Two years (2014 to 2015)

(2016 and 2017: System suspended)

**PHASE 3:** Three years (2018 to 2020)

**PHASE 4:** One year (2021)

**PHASE 5:** Four years (2022 to 2025)

**PHASE 6:** Five years (2026 to 2030)

### Cap or total emissions limit

An absolute cap limits the total emissions allowed in the system and is fixed ex-ante.

**PHASE 1:** 147 MtCO<sub>2</sub> (plus new entrants’ reserve of 20.6 MtCO<sub>2</sub>). This equaled a stabilization of the capped entities’ emissions at 2010 levels.

### PHASE 2:

- 2014: 154.9 MtCO<sub>2</sub> (plus a reserve of 18 MtCO<sub>2</sub>)
- 2015: 152.8 MtCO<sub>2</sub> (plus a reserve of 20.5 MtCO<sub>2</sub>)

This represented reduction targets of 0% and 1.5% respectively, compared to the average CO<sub>2</sub> emissions of capped entities in 2011 to 2012.

**PHASE 3:** 485.9 MtCO<sub>2</sub> (plus a reserve of 35.3 MtCO<sub>2</sub>). The cap was set at a 5% reduction by 2020 from 1990 levels. The cap was allocated for the overall compliance period of 2018 to 2020; there was no annual cap.

**PHASE 4:** 159.9 MtCO<sub>2</sub> (plus a reserve of 11.5 MtCO<sub>2</sub>)

**PHASE 5:** 650.1 MtCO<sub>2</sub> for the overall period, with declining annual caps.

- 2022: 166.1 MtCO<sub>2</sub> (plus a reserve of 11.8 MtCO<sub>2</sub>)
- 2023: 163.7 MtCO<sub>2</sub> (plus a reserve of 11.6 MtCO<sub>2</sub>)
- 2024: 162.1 MtCO<sub>2</sub> (plus a reserve of 9.3 MtCO<sub>2</sub>)
- 2025: 158.2 MtCO<sub>2</sub> (plus a reserve of 9.2 MtCO<sub>2</sub>)

PHASE 6: The absolute cap on GHG emissions for 2026 to 2030 has not yet been established, as the National Allocation Plan for Phase 6 is under consideration by the Ministry of Ecology and Natural Resources of the Republic of Kazakhstan.

### Sectors and thresholds

**PHASE 1:** Power sector and centralized heating; extractive industries and manufacturing: oil and gas, mining, metallurgy, chemicals industry.

**PHASE 2:** Same as Phase 1.

**PHASE 3:** Same as Phase 1 plus processing industries (production of building materials: cement, lime, gypsum, and brick).

**PHASE 4:** Same as Phase 3.

**PHASE 5:** Same as Phase 3.

**PHASE 6:** Same as Phase 4.

**INCLUSION THRESHOLDS:** Facilities emitting more than 20,000 tCO<sub>2</sub>/year.

#### **Point of regulation**

Point source

#### **Type of entities**

Installations

#### **Number of entities**

155 companies (229 installations) (2024)

## **Allowance Allocation & Revenue**

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### **Allowance allocation**

**PHASE 1:** Free allocation (grandparenting), based on emissions data from 2010.

**PHASE 2:** Grandparenting (0% and 1.5% below 2011 to 2012 average emissions).

**PHASE 3:** Grandparenting or product-based benchmarking, chosen by each company (149 installations chose benchmarking and 76 chose grandparenting). Additionally, there was a reserve of 35.3 million allowances for new entrants, new stationary emission sources, and changes in output in case of the choice of benchmarking.

**PHASE 4:** Benchmarking. A reserve contained 11.5 million allowances for the same purposes as in Phase 3.

**PHASE 5:** Benchmarking. A reserve contains 41.9 million allowances for new entrants, new stationary emission sources, changes in output and for (planned) auctioning.

**PHASE 6:** The National Allocation Plan for the period is under consideration by the Ministry of Ecology and Natural Resources of the Republic of Kazakhstan.

## **Flexibility & Linking**

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### **Offset credits**

The use of offset credits is allowed.

**QUALITATIVE LIMIT:** Domestic offset credits in all sectors (GHG reduction or absorption activities) outside the scope of the ETS are allowed. Project applicants can submit their projects for consideration to the Ministry of Ecology and Natural Resources for approval and issuance of offset credits. These are carried out in accordance with IPCC methodologies and rules developed by the ministry.

**QUANTITATIVE LIMITS:** None.

In 2024, 86,707 offset credits were surrendered for compliance.

### **Banking and borrowing**

Banking is allowed within each phase, but not between phases.

Borrowing is not allowed.

### Links with other Systems

The KAZ ETS is not linked with any other system.

## Compliance

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### Compliance mechanism

Covered entities must surrender one compliance unit (allowances or domestic offset credit) per tCO<sub>2</sub> emitted for all their covered emissions.

### Compliance Period

One year, surrendering is due by April 15 of the year following the reporting period.

### Monitoring, Reporting, Verification (MRV)

**FRAMEWORK:** “Environmental Code of the Republic of Kazakhstan 2021”.

**MONITORING:** Reporting is required annually for installations emitting above the 10,000 tCO<sub>2</sub>/year threshold. Reporting is required for CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, and PFC emissions. Monitoring plans are required for operators emitting >20,000 tCO<sub>2</sub> per annum.

**REPORTING:** Emission reports must be submitted by April 15 of the year following the reporting year.

**VERIFICATION:** Emissions reports and their underlying data require third-party verification by an accredited auditor. Operators of installations with emissions between 10,000 and 19,999 tCO<sub>2</sub>/year are not required to participate in the ETS or to verify their annual emission reports.

Accreditation of verifiers is carried out in accordance with the legislation of the Republic of Kazakhstan and the following international standards: ISO 14064-3, ISO 14065, ISO 14066, ISO 17029.

### Penalties and enforcement

The non-compliance penalty equals five monthly standard units for each tCO<sub>2</sub>. This was KZT 19,660 (USD 37.73) in 2025.

## Market Regulation

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### Market Design

**MARKET PARTICIPATION:** Compliance entities; individuals, and legal entities involved in the implementation of offset projects. Brokers, banks or other financial institutions are not allowed to trade.

### MARKET TYPES:

**Primary:** While domestic legislation allows for the establishment of a primary market through auctioning, to date all allowances have been distributed for free through grandfathering or benchmarking.

**Secondary:** Pure spot market, no forward contracts or other derivatives. In the beginning of the system, trades had to be executed via the Caspy Commodity Exchange JSC. From Phase 3 onwards, several additional exchange platforms that signed an agreement with the operator of the state registry – JSC “Zhasyl Damu” – were made available for trading. Over-the-counter trading has been allowed since Phase 3. Since 2022, trading of carbon units on commodity exchanges has been suspended.

**LEGAL STATUS OF ALLOWANCES:** In accordance with the Environmental Code, a carbon unit (emissions allowance or offset credit) is a commodity permitted for transfer among the subjects of the carbon market in the Republic of Kazakhstan.

## Other Information

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### Institutions involved

**Ministry of Ecology and Natural Resources:** Responsible for establishing the ETS regulatory framework.

**JSC Zhasyl Damu:** Implementing authority, responsible for the registry and reserve management.

### **Regulatory Framework**

[Environmental Code of the Republic of Kazakhstan \(2021\)](#)

[Rules of State Regulation of Emissions and Absorption of GHGs \(2022\)](#)

[Rules for GHG Emissions Trading \(2021\)](#)

### **Evaluation / ETS review**

On an annual basis, JSC Zhasyl Damu prepares a report on the carbon units trading in the Republic of Kazakhstan.

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