

Colombia National Program of Tradable Greenhouse Gas Emission Quotas

General Information

ETS Description

In 2018, Colombia adopted a law for climate change management (“Climate Change Law”, *Ley de Cambio Climático*), which outlines basic provisions for the establishment of an ETS, or the “National Program of Tradable GHG Emission Quotas” (*Programa Nacional de Cupos Transables de Emisión de Gases de Efecto Invernadero* – PNCTE). Non-compliance is to be punishable by a fine of up to double the auction price.

Auction revenues, as updated by Article 262 of Law 2294 of 2023, will now be allocated to the “Fund for Life and Biodiversity” (formerly the “Fund for Sustainability and Climate Resilience”). These resources are designated for purposes set by the national carbon tax, as well as for administering the PNCTE and the Mandatory Emissions Report under Law 2169 of 2021 (the “Climate Action Law”, *Ley de Acción Climática*).

The Climate Change Law also includes crediting provisions: voluntary actions of non-regulated entities that generate GHG emissions reductions or removals may be issued allowances if they are verified, certified, and registered in the National Emission Reductions Registry (*Registro nacional de reducción de emisiones de GEI* – Renare), and deemed eligible for the program.

Following the 2024 public consultation, the PNCTE regulatory framework remained under development in 2025. A first or preliminary phase is expected to start in 2027, and full implementation of the system is planned for 2030. Auctioning is expected to be the main allocation method, with the auction reference price aligned with the national carbon tax rate. The cap is to be set annually by the Ministry of Environment and Sustainable Development (MinAmbiente), in line with Colombia’s NDC.

The 2021 Climate Action Law sets a goal to fully implement the ETS by 2030, as well as an obligation for legal persons to report direct and indirect GHG emissions, following criteria to be set by Minambiente.

Colombia is exploring how the PNCTE could interact with the existing national carbon tax and potential Article 6 international cooperation, but final arrangements for that interaction are still being defined.

ETS Status

under development

Jurisdictions

Colombia

Emissions & Targets

Overall GHG Emissions excl. LULUCF (MtCO₂e)

183.5 MtCO₂e (2021)

GHG reduction targets

By 2030: 51% reduction of GHG emissions compared to BAU by 2030. 40% reduction of black carbon emissions compared to 2014 (updated NDC)

By 2050: Carbon neutrality (Climate Action Law 2021)

Size & Phases

Phases

FIRST or PRELIMINARY PHASE (expected to start in 2027): This phase is expected to test the general and operational rules of the PNCTE, generate information to evaluate its structure and operation, and identify opportunities for improvement.

The system is expected to move toward full operation by 2030.

Flexibility & Linking

Offset credits

QUANTITATIVE LIMITS: According to the public draft Decree, Minambiente may allocate up to 10% of the cap in each compliance period to reduction or removal activities. As of January 2026, the government is still working on the draft decree following the public consultation.

Banking and borrowing

Banking is allowed within the same implementation phase.

Links with other Systems

The PNCTE is not linked with any other system. The Colombia carbon tax rate serves a reference price for future auctions.

Other carbon pricing instruments in the jurisdiction

Carbon Tax: Colombia carbon tax

Domestic crediting mechanism: Colombia crediting mechanism (carbon tax exemption mechanism)

Compliance

Compliance mechanism

Covered entities must surrender one allowance for every tCO₂e emitted for all their covered emissions.

Compliance Period

One year

Market Regulation

Market Stability Provisions

PRICE STABILIZATION RESERVE

Instrument type: Quantity-based instrument (predominantly)

Functioning: Minambiente may create and reserve a percentage of the allowances of a given compliance period, as a means to stabilize or control allowance prices.

REFERENCE AUCTION PRICE

Instrument type: Price-based instrument

Functioning: The starting price of allowances for the auction may take into account the carbon tax rate. Minambiente may define a starting auction price.

Market Design

LEGAL STATUS OF ALLOWANCES:

Article 29 of the 2018 Climate Change Law defines an emissions allowance as a tradeable right that gives its holder the authorization to emit a tonne of CO₂e into the atmosphere.

Other Information

Institutions involved

Ministry of Environment and Sustainable Development (Minambiente): Responsible for defining national environmental policy and promoting the recovery, conservation, protection, ordering, management, use and exploitation of renewable natural resources.

Department of National Planning: Entity of the national government that coordinates, articulates, and supports Colombia's short-, medium-, and long-term planning and guides the cycle of public policies and the prioritization of investment resources.

Ministry of Finance: Coordinates macroeconomic policy; defines, formulates, and executes the fiscal policy of the country; and manages the nation's public resources from the budgetary and financial perspective.

National Climate Change System (SISCLIMA): A set of state, private, and non-profit entities, policies, standards, processes, resources, plans, strategies, instruments, mechanisms, and information related to climate change applied to manage the mitigation of GHGs and adaptation to climate change in the country.

Regulatory Framework

[Climate Change Law \(Ley 1931 de 2018: Ley de Cambio Climático\)](#)

[Climate Action Law \(Ley 2169 de 2021: Ley de Acción Climática\)](#)

[Public consultation on the Decree Project to Regulate the PNCTE](#)

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