

Latest developments of Emissions Trading Around
the World: Overview, Updates and Outlook

Latest Development of ETS in China

DUAN Maosheng
Tsinghua University, China
Dec. 2, 2012 Doha

Overview of the Process

- 2011-2015 CO₂ intensity reduction target: 17%
- Command-and-control vs. market approach
- Outline of the 12th Five-Year Plan on National Economic and Social Development (2011.3)
- Notice on Pilot ETS (NDRC, 2011.10)
 - 4 municipalities: Beijing, Tianjin, Shanghai, Chongqing
 - 2 provinces: Hubei, Guangdong
 - Special economic zone: Shenzhen City

Overview of Pilot ETS Development

- Beijing: 2012.3, official inception meeting, *Work Programme on Pilot ETS* by Municipal Government
- Shanghai: 2012.8, Municipal Government Notice
- Guangdong: 2012.9, Provincial Government Notice
- Shenzhen: 2012.10, *Provision on Carbon Emissions Management* by Standing Committee of Municipal People's Congress
- Tianjin, Chongqing, Hubei: in process of developing the outlines

Shanghai ETS as an Example

- Coverage
 - ✓ Production industries: iron and steel, petrochemical, chemical, non-ferrous, electricity, building materials, textile, paper, Rubber, Fiber
 - ✓ Service industries: Airlines, ports, airports, railways, commercial, hotels, financial, ...
- Scope (entity)
 - ✓ P: 20,000 tCO₂ (direct + indirect emissions)
 - ✓ S: 10,000 tCO₂ (direct + indirect emissions)
- Reporting obligation: 10,000 tCO₂ during '12-15

Shanghai ETS as an Example

- Pilot Period: 2013-2015
- Participants: covered entities + ...
- Allocation
 - ✓ Grandfathering (2009-2011) + benchmarking (limited sectors)
 - ✓ Auctioning in the future
- Registry and trading platform

Shanghai ETS as an Example

- Third party verifier: contracting relations
- Regulation, including stabilization, of market
- Leading Group on Pilot ETS with office in municipal DRC, expert group
- Compliance rules
- Stakeholder consultations, most bilateral

Key Challenges

- Coordination
- Data: availability and quality, energy vs. emissions,
- Direct vs. indirect emissions
- Heavily regulated sectors
- Compliance rules: limitations on the local governments and legislation
- Capacity needs
- Time pressure
- Financial support
- Harmonization or not
-

Future Plan

- Pilot time
- Linking of pilot ETSs
- Capacity building
- National ETS
 - ✓ Registry
 - ✓ System design



THANKS