



Emissions Trading in China

Progress on the Path towards a Unified National System

PRESENTED BY Chen Zhibin

SinoCarbon

Feb. 2016

ETS in China

Progress on the Path towards a Unified National System



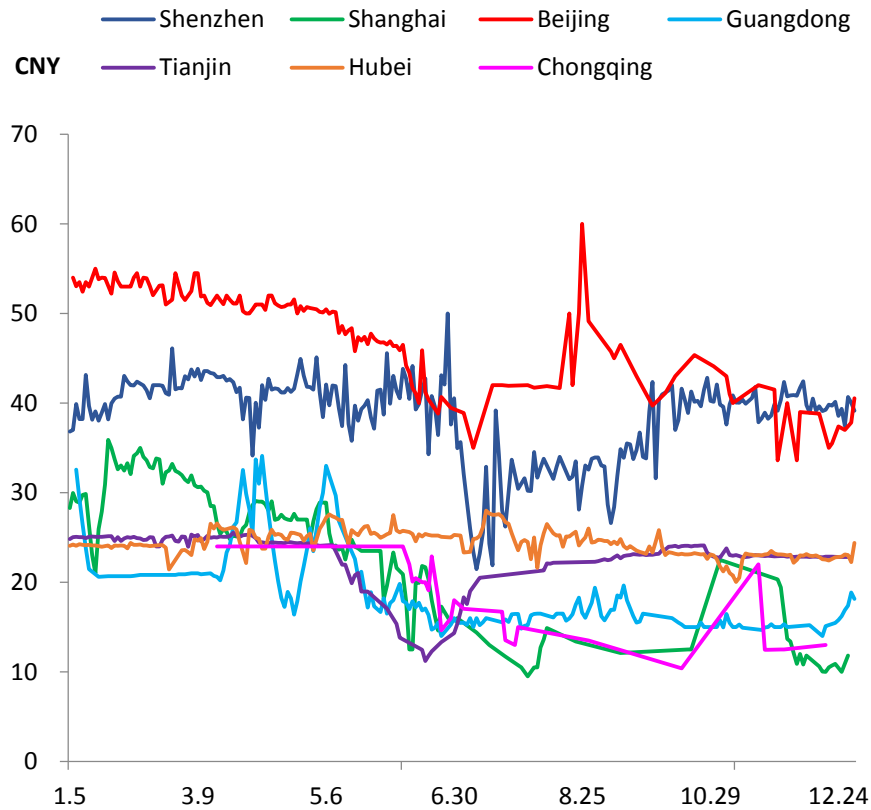
- Pilot period: 2013-2016
- 2 provinces and 5 cities , 7 separated markets
- Different policy designs
- Accumulated experience for national market.
- Transfer to united national market in 2017

Bottom - Up

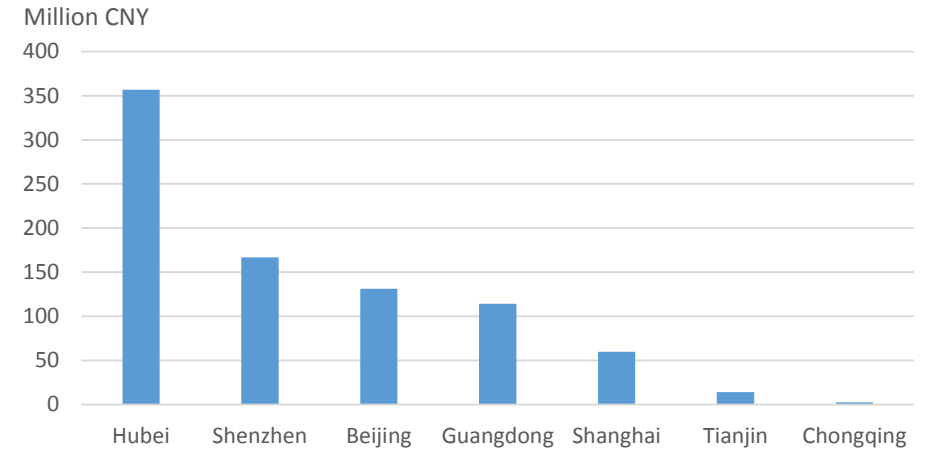
- Up-Bottom
- Led by NDRC (National Reform and Development commission)
 - One registry system
 - Unified MRV rules
 - Unified allocation rules
 - Unified compliance rules
 - Unified monitor rules
 - Provinces can enlarge coverage
 - Provinces can allocate less free allowances

ETS in China

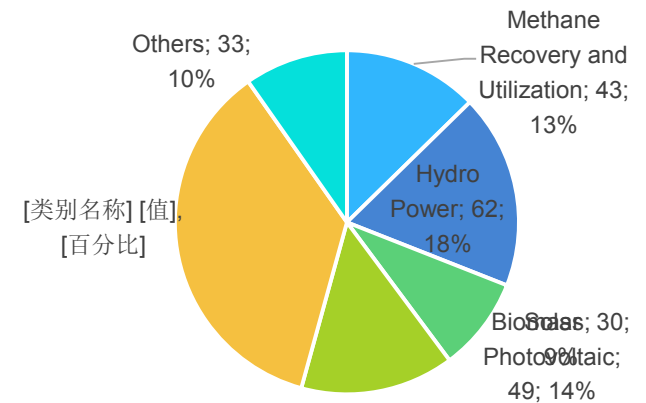
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Carbon Prices Flow in China's ETS Pilots in 2015



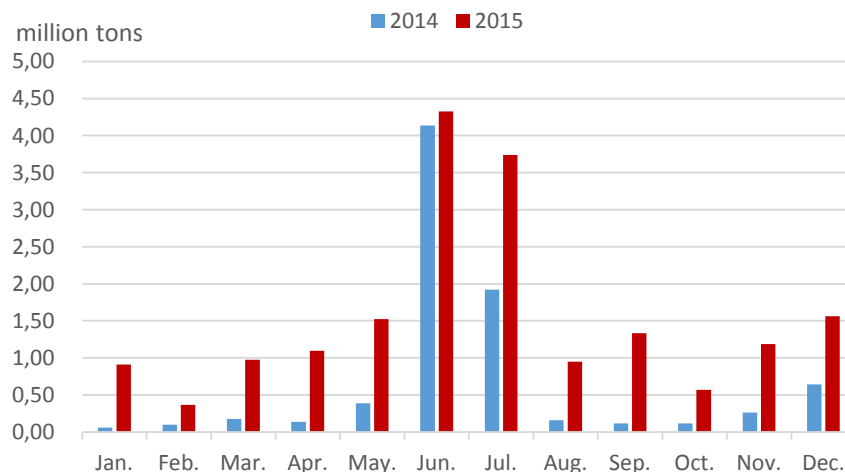
Trading Value in Secondary market in 2015



Distribution of Registered CCER Projects by Category

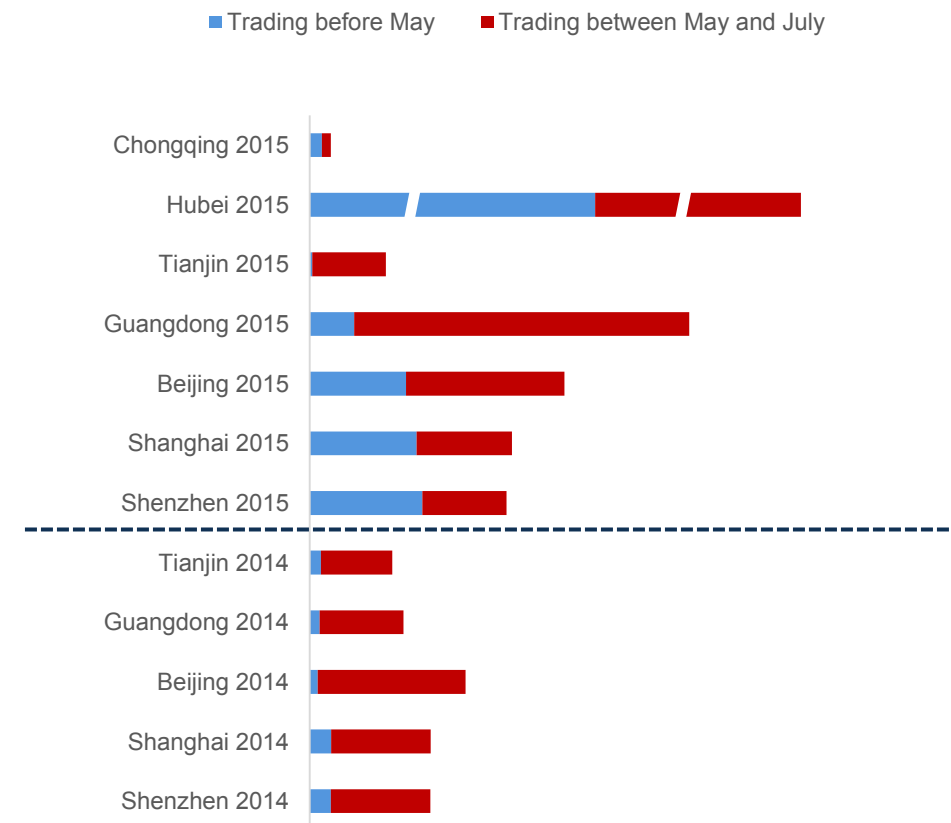
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Comparison of trading volume and compliance rate in 2014 and 2015

Pilot Schemes	Compliance rate 2014	Compliance rate 2015
Shanghai	100% (191/191)	100% (190/190)
Shenzhen	99.4% (631/635)	99.7% (634/636)
Guangdong	98.9% (182/184)	100% (184/184)
Beijing	97.1% (403/415)	100% (543/543)
Tianjin	96.5% (110/114)	99.1% (111/112)



Comparison of trading volume in 2014 and 2015

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Sino-US Joint Statement on Climate Change

2017 Launch National Market

Sep

Oct

Paris Agreement

Low-carbon development in China's long term soci-economic development planning

Dec

The Fifth Plenary Session of the 18th Central Committee of the Communist Party of China

Confirmed 2017 target, and put low-carbon development and climate action in 13th Five Year Plan.



Key Steps to Launch national ETS	Progress at National Level	Progress at Provincial Level
National ETS Legislation	Draft submitted to the Legislative Affairs Office of the State Council and is expected to get passed in second half of 2016.	Provide necessary support.
Establishment of MRV system	24 sectoral reporting guidelines. Rules and templates for reporting and verification. Third party verification guidance and templates, criteria for selecting third party verifiers .	Start to build MRV system in provincial level.
Historical Emission Data Reporting and Verification	Requesting local DRCs to submit historical data reporting by end of June 2016.	Most of them already started work. Trainings for building capacity and selection of qualified third party verifiers are undergoing.
Provide List of Covered Entities	Provinces and 5 big cities are requested to provide initial list of covered entities by end of February 2016.	Start to count qualified entities.
Cap Setting and Allocation Plan	Initial draft of allocation plan. Allocation is expected to take place in second half of 2016.	Some local DRCs are collecting necessary data and test the initial plan.
ETS Registry	Registration already established.	Need to learn how to manage and operate their respective registry administrative accounts, and facilitate opening accounts for market participants.



Framework of the
National ETS is
Sketched Out

- ◆ **Threshold** — Enterprises whose annual energy consumption exceeds 10,000 tons of Coal Equivalent in any year from 2013 to 2015.
- ◆ **Sector** — Power (generation, cogeneration and grid)
Petrochemical (crude processing, ethylene production)
Chemical (ammonia, carbide and methanol production)
Building material (cement clinker production, plate glass production)
Iron and Steel (crude steel production)
Nonferrous Metal (electrolytic aluminum, copper smelting)
Paper making (pulp production, paper making)
Aviation (passenger air transport, air cargo transport and airports)
- ◆ **Operation and Management Structure** — NDRC is taking the lead and mainly responsible for regulations, policies and rules, while Local DRCs are mainly for implementing.

THANK YOU

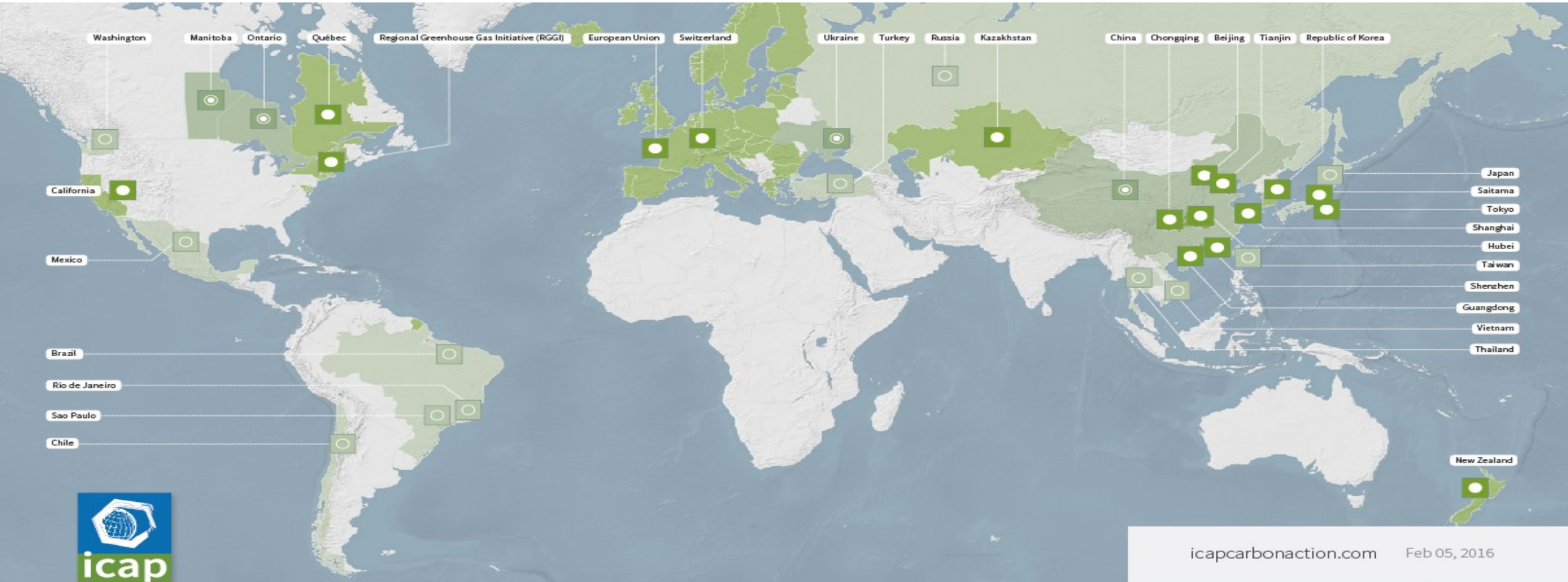
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Discussion



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