

China - Chongqing pilot ETS

General Information

<p>Summary</p>	<p>Status: ETS in force</p> <p>Jurisdictions: Chongqing</p> <p>Chongqing launched its pilot ETS in June 2014 and to date has concluded five compliance years. The system covers enterprises from seven sectors: power, electrolytic aluminum, ferroalloys, calcium carbide, cement, caustic soda, and iron and steel. The 195 enterprises covered by the system in 2017 accounted for ~40% of the city's total emissions. Among the eight Chinese pilots, the Chongqing ETS is the only one that covers non-CO2 gases.</p> <p>One unique feature of the Chongqing Pilot ETS is that it has a clear path for cap setting, in which an annual reduction rate is set and applied to the base year emission (i.e., the sum of the covered entities' highest emission amount of the year from 2008 to 2012). From 2013 to 2015, the annual reduction rate was 4.13% and afterwards 4.85%. The Chongqing Pilot ETS had suffered from low liquidity in past years due to a relatively loose cap in its early years.</p>
<p>Year in Review</p>	<p>The 2017 allocation plan was released by the Chongqing Development and Reform Commission (DRC) in March 2018. The plan differs from other pilots in that the Chongqing ETS allowances are allocated based on entities' self-reported demand. 2017 was the first year since the launch of the pilot where the initial cap (100.5 MtCO_{2e}) was lower than the self-declared demanded amount (103.2 MtCO_{2e})—indicating a potential allowance shortage for some companies in the market.</p> <p>ETS-related responsibilities in Chongqing were moved from the DRC to the Ecology and Environment Bureau in 2018.</p>
<p>Overall GHG emissions (excluding LULUCF)</p>	<p>Emissions: ~300 MtCO_{2e} MtCO_{2e} (2018)</p>
<p>Overall GHG emissions by sector</p>	<p>No information available yet.</p>
<p>Overall GHG reduction target</p>	<p>BY 2020: 19.5% reduction in carbon intensity compared to 2015 levels (13th Five Year Plan)</p>
<p>Carbon Price</p>	<p><i>Current Allowance Price (per t/CO_{2e}):</i> 4.36 CNY (USD 0.66) (weighted average trading price in 2018; updated prices available here)</p>

ETS Size

<p>Emissions covered by the ETS</p>	<p>0.5</p>
<p>GHG covered</p>	<p>CO₂, CH₄, N₂O, HFCs, PFCs, SF₆</p>
<p>Sectors covered and thresholds</p>	<p>Power, electrolytic aluminum, ferroalloys, calcium carbide, cement, caustic soda, and iron and steel.</p>

	INCLUSION THRESHOLDS: 20,000 tCO ₂ /year or energy consumption 10,000 tonnes coal equivalent (tce)/year.
Point of regulation	Downstream. Both direct and indirect emissions are covered.
Number of liable entities	195 (2018) No information available yet.
Cap	~100 MtCO ₂ e (2018) From 2013 to 2015, the annual reduction rate of the cap was 4.13% and afterwards 4.85%.

Phases & Allocation

Trading period	2013-2018* *In the short-term, the existing Chinese regional carbon markets are expected to operate in parallel to the national Chinese carbon market. Over the medium to long term, they are expected to be integrated into the national market, once it is fully operational.
Allocation	Free Allocation: Free allocation through grandparenting based on historic emissions (highest number in period 2008-2012). If the sum of allocation for all enterprises exceeds the cap, a reduction factor is applied. Regulated companies submit their allocation quotas on a yearly basis, forming the basis of their free allocation. Ex-post adjustments based on output data are possible.

Flexibility

Banking and borrowing	Banking is allowed. Borrowing is not allowed.
Offsets and credits	QUANTITATIVE LIMIT: Domestic project-based carbon offset credits—CCERs—are allowed up to 8% of the compliance obligation. QUALITATIVE LIMIT: Reductions have to be achieved after 2010 with the exception of carbon sink projects. Credits from hydro projects are not allowed.
Market Stability Provisions	Exchange Intervention: In case of market fluctuations, the Chongqing Carbon Emissions Exchange can take price stabilization measures. Sale and Trade Limits: Compliance entities must not sell more than 50% of their annual free allocation. In addition, the price of trading is subject to increase and decrease limits of 10% or 30% depending on types of trading.

Compliance

Compliance Period	One year
Monitoring, Reporting, Verification (MRV)	REPORTING FREQUENCY: Annual reporting of GHG emissions. VERIFICATION: Third-party verification is required.

	FRAMEWORK: The Chongqing DRC released a guiding document for monitoring and reporting that includes methods for different emissions sources, including: combustion, industrial processes, and electricity consumption.
Enforcement	There are no financial penalties for non-compliance. Non-financial penalties may include public reporting, disqualification from the energy saving and climate subsidies and associated awards for three years, and a record entered in the State Owned Enterprise performance assessment system.

Linking

Links with other Systems	No information available yet.
--------------------------	-------------------------------

Other Information

Institutions involved	Chongqing Ecology and Environment Bureau (competent authority) Chongqing Carbon Emissions Trading Center (trading platform and registry)
Evaluation / ETS review	No information available yet.
Revenue	No information available yet.
Implementing Legislation	Interim Measures for Management of Emissions Trading In Chongqing Chongqing DRC – Allowance Allocation Management Rules Chongqing DRC – Notice about Allowances Allocation for Vintage 2017

Disclaimer

Copyright © 2012 by International Carbon Action Partnership (ICAP). All rights reserved. The content provided by the ICAP ETS map is protected by copyright. You are authorized to view, download, print and distribute the copyrighted content from this website subject to the following condition: Any reproduction, in full or in part, must credit the International Carbon Action Partnership (ICAP) must include a copyright notice. If you have any questions please contact info@icapcarbonaction.com.

Developed and designed by [Lucid.Berlin](#)

In line with ICAP's mandate, the ICAP ETS map exclusively covers cap-and-trade systems for greenhouse gas emissions. Information displayed on the map is regularly updated by ICAP Secretariat staff based on official and public information as far as possible and subject to annual peer review by government representatives from the covered systems. Although the information contained in the map is assembled with utmost care, ICAP cannot be held liable for the timeliness, correctness and completeness of the information provided.

Please refer to the [imprint](#) on the website of the International Carbon Action Partnership regarding links to external websites, liability and privacy policy.