

China - Tianjin pilot ETS

General Information

Summary	<p>Status: ETS in force</p> <p>Jurisdictions: Tianjin</p> <p>Tianjin launched its pilot ETS in December 2013 and has concluded five compliance years so far. The system covers heat and electricity production; iron and steel; petrochemicals; chemicals; and oil and gas exploration. Covered entities account for 50-60% of the city's total emissions. Despite not having any financial penalties in place, Tianjin has achieved full or close to full compliance since its launch.</p>
Year in Review	<p>2019 saw changes to the governance of the Tianjin ETS as well as to the design of the system. With regards to governance, responsibility for the Tianjin ETS was moved from the Tianjin Development and Reform Commission (DRC) to the Ecology and Environment Bureau (EEB). With regards to design, the Tianjin ETS was expanded to also cover enterprises from the building materials, papermaking, and aviation sectors that previously only reported. Furthermore, allowance auctions were also held for the first time in 2019.</p> <p>Changes to the governance and design of the system are outlined in the 'Interim Measure for Management of Emissions Trading in Tianjin (Revised Draft)' that was published in November.</p>
Overall GHG emissions (excluding LULUCF)	Emissions: 215 MtCO ₂ e (2012)
Overall GHG emissions by sector	No information available yet.
Overall GHG reduction target	BY 2020: 20.5% reduction in carbon intensity compared to 2015 levels (13th Five-Year Plan)
Carbon Price	<i>Current Allowance Price (per t/CO₂e):</i> 13.69 CNY (USD 1.98) (updated prices available here)

ETS Size

Emissions covered by the ETS	0.55
GHG covered	CO ₂
Sectors covered and thresholds	<p>Heat and electricity production, iron and steel, petrochemicals, chemicals, and exploration for oil and gas. Papermaking, aviation, and building materials from 2019.</p> <p>INCLUSION THRESHOLDS: 20,000t CO₂/year considering both direct and indirect emissions.</p>
Point of regulation	Downstream.

	Both direct and indirect emissions are covered.
Number of liable entities	107 in 2018 113 in 2019 No information available yet.
Cap	160-170 MtCO ₂ (2017)

Phases & Allocation

Trading period	2013-2019* *In the short term, the existing Chinese regional carbon markets are expected to operate 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: Mainly free allocation through grandparenting based on 2009-2012 emissions or on emissions intensity. Benchmarking for new entrants and expanded capacity. Auctioning: Tianjin EEB held its first allowance auction in June 2019. Two million tonnes were on offer with the auction clearing at CNY 14.63/tonne (USD2.08).

Flexibility

Banking and borrowing	Banking is allowed. Borrowing is not allowed.
Offsets and credits	QUANTITATIVE LIMIT: Domestic project-based China Carbon Offset Credits—CCERs—are allowed. The use of CCER credits is limited to 10% of the annual compliance obligation. QUALITATIVE LIMIT: Credits must stem from CO ₂ reduction projects, excluding hydro. They must be realized after 2013.
Market Stability Provisions	Intervention: In case of market fluctuations, the Tianjin EEB can buy or sell allowances in order to stabilize the market.

Compliance

Compliance Period	One year
Monitoring, Reporting, Verification (MRV)	REPORTING FREQUENCY: Annual reporting of CO ₂ emissions. VERIFICATION: Third-party verification is required. Covered entities cannot use the same verifiers for three consecutive years. FRAMEWORK: The Tianjin DRC has released a guiding document on monitoring and reporting that includes sector-specific guidance for the covered sectors, which EEB, as the competent authority since 2019, is continuing to improve.
Enforcement	In case of noncompliance, companies are disqualified for three years for preferential financial support and other national supporting policies, e.g., on recycling economy, energy-saving measures, and emission reductions. There are no financial penalties for noncompliance.

Linking

Links with other Systems

No information available yet.

Other Information

Institutions involved	Tianjin Ecology and Environment Bureau; Tianjin Climate Exchange (trading platform and registry)
Evaluation / ETS review	No information available yet.
Revenue	No information available yet.
Implementing Legislation	Tianjin Pilot ETS Implementation Plan Interim Measure for Management of Emissions Trading in Tianjin Interim Measure for Management of Emissions Trading in Tianjin (2016) Interim Measure for Management of Emissions Trading in Tianjin (2018)

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