

## China - Tianjin pilot ETS

### General Information

Summary	<p><b>Status:</b> ETS in force</p> <p><b>Jurisdictions:</b> Tianjin</p> <p>Tianjin launched its pilot ETS in December 2013 and has concluded five compliance years so far. The system covers enterprises including heat and electricity production, iron and steel, petrochemicals, and chemicals, as well as 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>The Tianjin Development and Reform Commission (DRC) released its new "Interim Measure for Management of Emissions Trading in Tianjin" in May 2018, which was the third one since 2013, as each of them provides the legal basis for the Tianjin Pilot ETS within a specific time period. The Tianjin system has not undergone significant changes since its launch.</p> <p>Much like the governance transition at the national level (see China National ETS factsheet), it is expected that ETS-related responsibilities in Tianjin will be moved from the DRC to the Ecology and Environment Bureau. The process is ongoing and is expected to conclude by early 2019.</p>
Overall GHG emissions (excluding LULUCF)	<b>Emissions:</b> 215 MtCO <sub>2</sub> e (2012)
Overall GHG emissions by sector	No information available yet.
Overall GHG reduction target	<b>BY 2020:</b> 20.5% reduction in carbon intensity compared to 2015 levels (13th five-year plan)
Carbon Price	<i>Current Allowance Price (per t/CO<sub>2</sub>e):</i> 11.58 CNY (USD 1.75) (weighted average trading price in 2018; updated prices available <a href="#">here</a> )

### ETS Size

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

	Both direct and indirect emissions are covered.
Number of liable entities	109 (2017) No information available yet.
Cap	160-170 MtCO <sub>2</sub> e (2017)

## Phases & Allocation

Trading period	2013-2018*  *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	<b>Free Allocation:</b> Mainly free allocation through grandparenting based on 2009-2012 emissions or on emissions intensity. Benchmarking for new entrants and expanded capacity.

## Flexibility

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

## Compliance

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

## Linking

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Links with other Systems	No information available yet.
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## Other Information

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Institutions involved	Tianjin DRC (competent authority) —the responsibility is expected to be moved to Tianjin Ecology and Environment Bureau in the course of 2019; Tianjin Climate Exchange (trading platform and registry)
Evaluation / ETS review	No information available yet.
Revenue	No information available yet.
Implementing Legislation	<a href="#">Tianjin Pilot ETS Implementation Plan</a> <a href="#">Interim Measure for Management of Emissions Trading in Tianjin</a> <a href="#">Interim Measure for Management of Emissions Trading in Tianjin (2016)</a> <a href="#">Interim Measure for Management of Emissions Trading in Tianjin (2018)</a>

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