

China's National ETS

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Part I

Background

Background

- Joint climate change statement between China and the United States
- Integrated Reform Plan for Promoting Ecological Progress
- Enhanced Actions on Climate Change: China's Intended Nationally Determined Contributions
- The 13th Five-Year Plan for Economic Social Development of The People's Republic of China

China Launched National ETS



19th December 2017, China Launched National ETS



19th December 2017, Joint Agreement of Registry and Exchange System between NDRC and 9 Provinces / Cities.

China's National ETS

Part II



China's National Carbon Market Launched

On 19 December 2017, China's National Development and Reform Commission (NDRC) launched China's national Emissions Trading System (ETS) with approval from the State Council. The launch is a major milestone in China's efforts to fight climate change.

国家发展和改革委员会文件

发改气候规〔2017〕2191号

国家发展改革委关于印发《全国碳排放权交易市场建设方案（发电行业）》的通知

各省、自治区、直辖市及计划单列市人民政府，新疆生产建设兵团，外交部、教育部、科技部、工业和信息化部、民政部、财政部、国土资源部、环境保护部、住房城乡建设部、交通运输部、水利部、农业部、商务部、卫生计生委、国资委、税务总局、质检总局、统计局、林业局、国管局、法制办、中科院、气象局、海洋局、铁路局、民航局、人民银行、证监会、银监会、认监委：

为贯彻落实党中央、国务院关于建立全国碳排放权交易市场的决策部署，稳步推进全国碳排放权交易市场建设，经国务院同

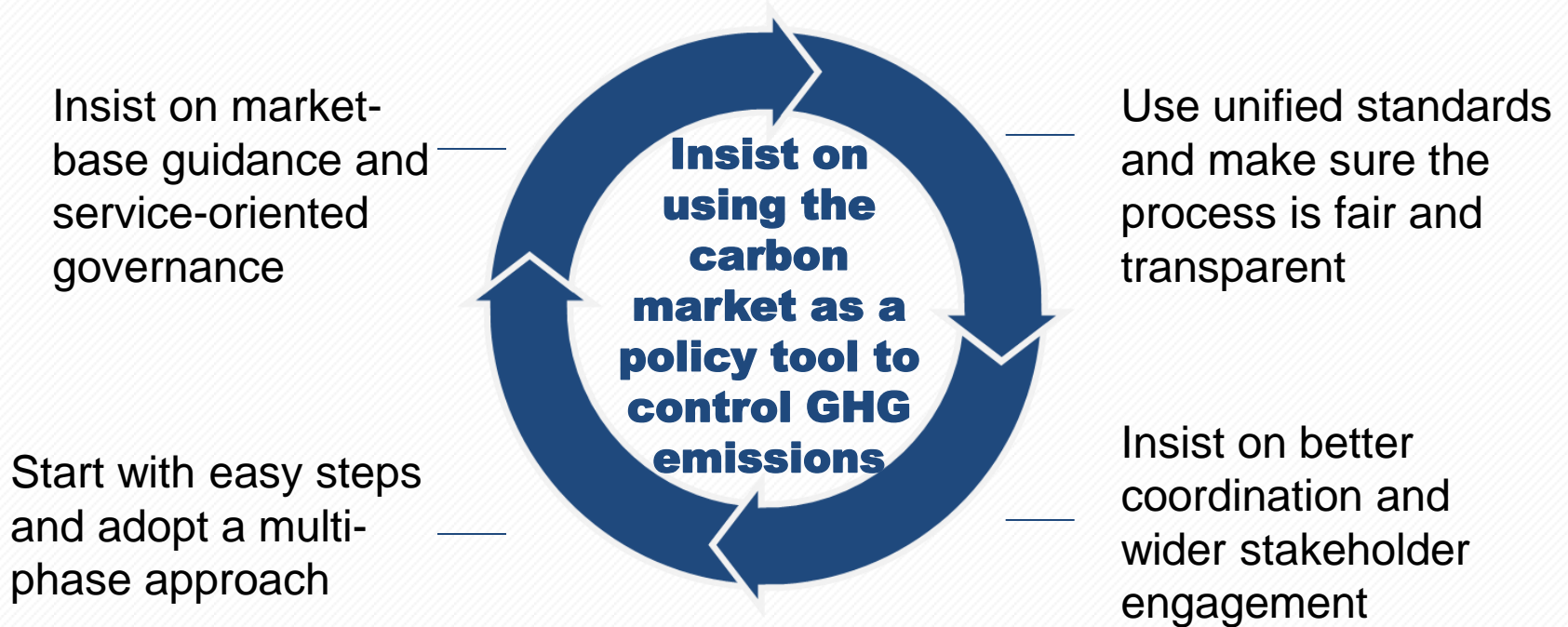
Key Features

- ④ Adopt a multi-phase approach and start with easy steps
- ④ Insist on using the carbon market as a policy tool to control GHG emissions
- ④ Use Unified Standards and insist on Market-Based Guidance

Framework

- ④ 8 Chapters, 23 items
- ④ Guideline, Basic Principles, Objectives and Tasks
- ④ 3 Key Elements of the Carbon Market, 3 Market Participants, 3 Basic Systems, 4 Supporting Systems, 4 Complementary Measures
- ④ Allowance Management in Power Generation Sector, Transition of ETS Pilots

Basic Principles



Participants

Key Emission Entities (early stage: power generation sector)

- Enterprises or other economic organizations from the power generation sector that emit more than 26,000 tons of carbon equivalent a year (or total annual energy consumption is above 10,000 tons of coal equivalent). Captive power plants in other sectors that pass the same emissions threshold are also recognized as “key emission entities.”
- More entities will gradually be included



Regulators (classification supervision)

- The National Development and Reform Commission
- Relevant government agencies

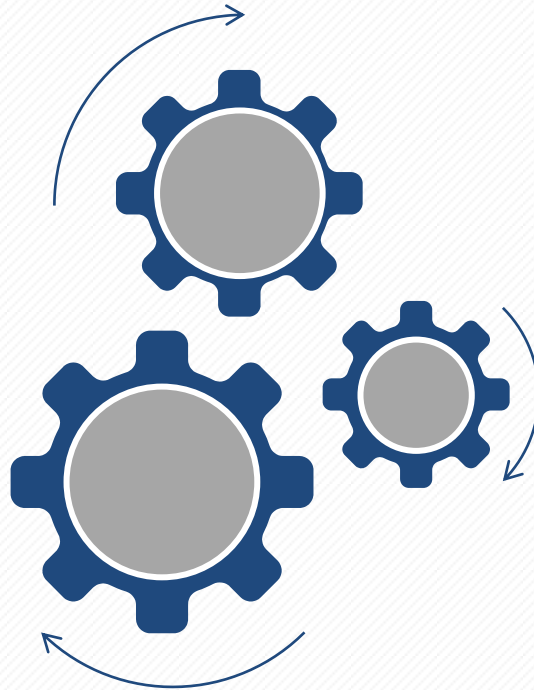
Third Party Verification Bodies

Qualified verification bodies shall be entrusted with the task of verifying emissions data complying with regulations and technical rules, and then producing independent verification reports. In the process, they shall ensure the verification reports are genuine and credible.

System Development

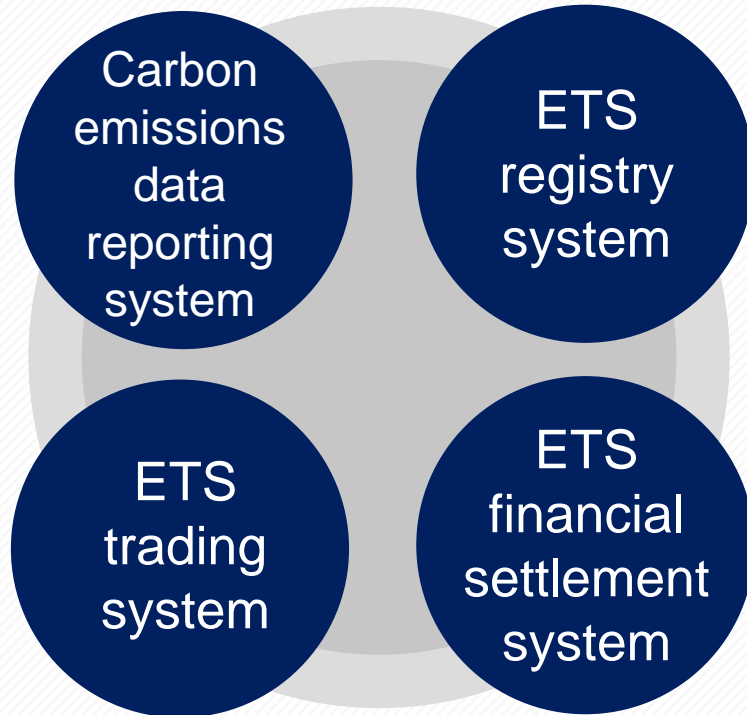
The system of measurement, reporting, and verification of carbon emissions

Allowance management system for key emission entities

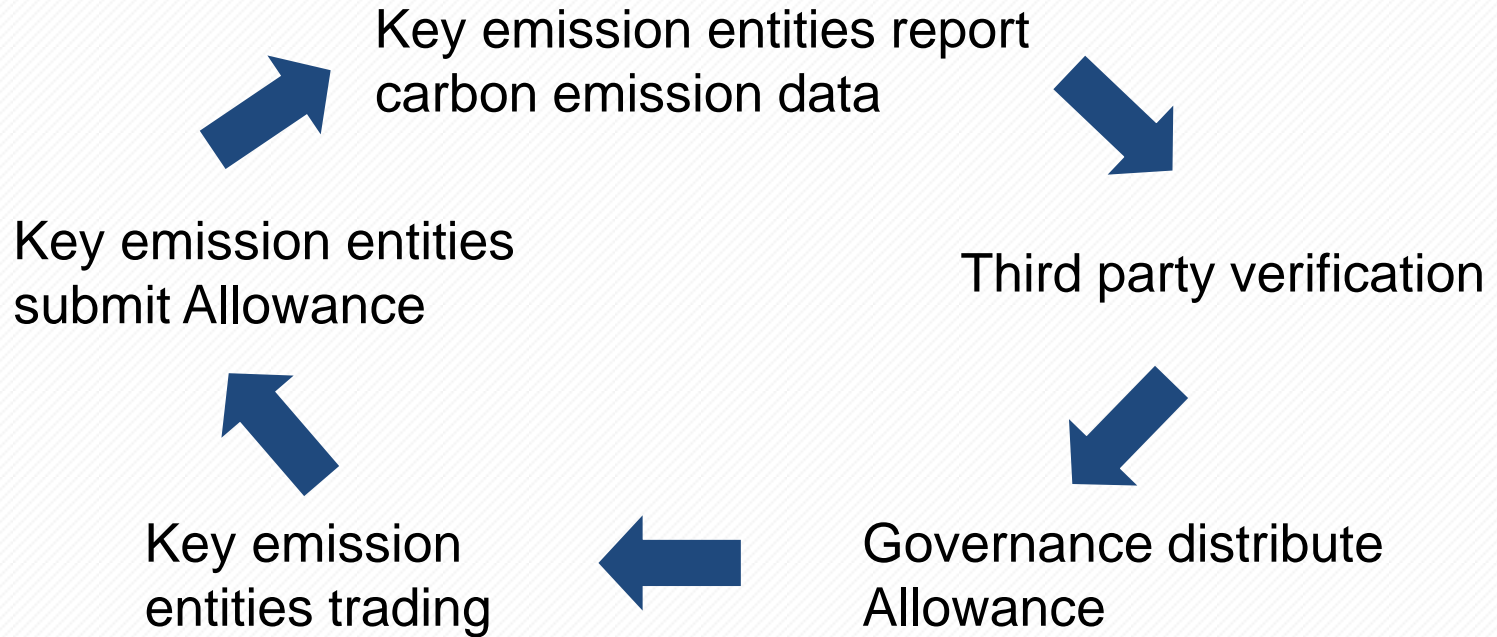


ETS trading system

Supporting Infrastructure



Running Process



Tasks in Three Phases

1

Lay the Foundation
(Approximately 1 year)

- Build unified national systems
- Capacity building
- Develop a governance system

2

Have a Mock Operation
(Approximately 1 year)

- Conduct the mock trading of allowances in the power generation sector
- Strengthen market risks management
- Improve governance & supporting systems

3

Optimize the Market

- Conduct spot trading of allowances among participants from the power generation sector
- Gradually expand to cover other sectors, trading products, and trading types
- CCERs also be considered



Part III

Next Step

Next Step

1

Complete the legal framework and regulatory systems

2

Conduct 2016-2017 field investigations and data collection to assess feasibility of the allocation methods for the 8 sectors.

3

Orderly conduct internal test in allowance allocation

4

Accelerate the promotion of carbon market infrastructure construction

5

Enhance capacity building

Thank you

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