

Overview of Shanghai Pilot ETS

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Shanghai Environment and Energy Exchange

PMR Partnership Assembly Meeting and Workshop

27 May 2013



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1 Policy Background

2 Current situation

3 Future Roadmap



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Policy Background

- Each province has a carbon intensity target in 12th Five-Year-Plan.
- **Shanghai** was designated as one of the seven ETS pilots by NDRC, 2011.



3 Steps of Shanghai

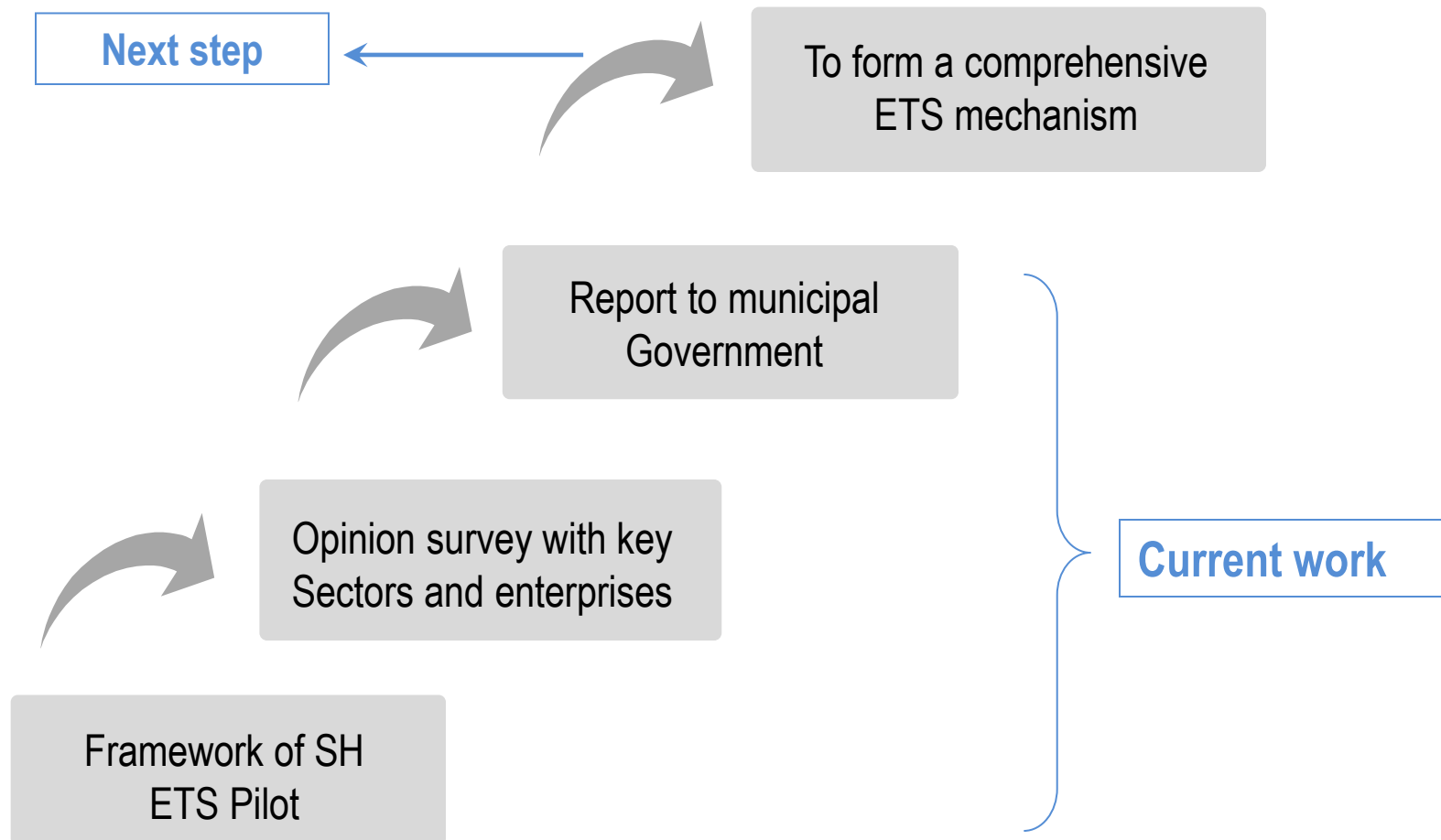
Phase I: 2012-2013 Preparation

Phase II: 2013-2015 Pilot operation

Phase III: 13th Five-Year-Plan National ETS



Policy Background





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Policy making

The screenshot shows the official website of the Shanghai Government (www.shanghai.gov.cn). The header includes navigation links for '政务事项' (Government Affairs), '政府信息' (Government Information), '政府工作' (Government Work), and '生活服务' (Life Services). Below the header, there is a section for '政府信息公开' (Government Information Disclosure) with a list of categories such as '近期公开信息' (Recent Information Disclosure), '政府公报' (Government Gazette), '政府规章' (Government Regulations), '市政府文件' (Shanghai Municipal Government Documents), and '市政府会议' (Shanghai Municipal Government Meetings). The main content area displays the title '上海市人民政府关于本市开展碳排放交易试点工作的实施意见' (Shanghai Municipal Government Opinions on the Pilot Work of Carbon Emissions Trading in Shanghai). Below the title, there is a video player showing the document content. The document is dated '沪府发〔2012〕64号' (Shanghai Municipal Government Order No. 64, 2012).

- Shanghai government issued “Implementation opinions of Shanghai’s carbon emissions trading pilot work” on 5th July, 2012

- **Main content:** Guiding thoughts, Basic principle, Main target, Specific arrangement, Main work, Schedule, Guarantee measure.

SHDRC Carbon Trading Pilot leading Group

Policy maker

- SHDRC carbon emissions trading pilot **leading Group**
- Set up **Office** under leading Group
- Expert committee**

✓

✓

✓

Participants

Select principle

- ***For enterprises***

- Over certain amount of emissions



Carbon reduction target

- Emission-extensive



Optimize the industrial
structure & carbon
reduction target

- ***For sectors***

- Sectors with high-growth emissions



Control the local
emissions growth

- ***Sectors with different
mitigation costs***



Ensure the market
liquidity

Participants

“Pilot Enterprise”

- Industry: > 20 thousand CO₂teq/year (from 2010 to 2011)
e.g. Iron, petrochemical, chemical, cement, glass, electricity, textile, paper...
- Non-industry: > 10 thousand CO₂teq/year (from 2010 to 2011)
e.g. aviation, building ...

“Reporting Enterprise”

- > 10 thousand CO₂teq/year from 2010 to 2015



Certain flexibility during pilot period

Allocation

principle

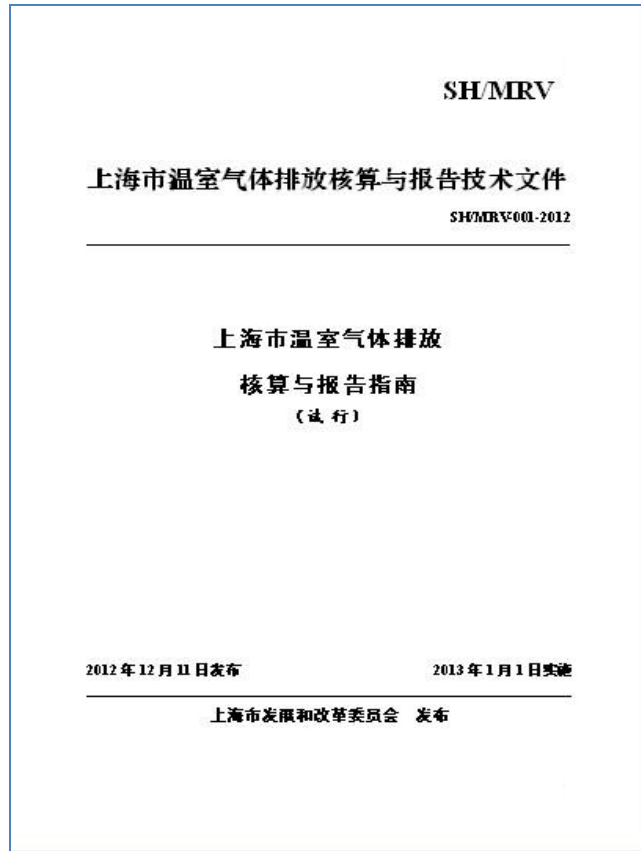
- Historical carbon emissions + Industry benchmark
- Free allocation in the beginning



Allowance is allocated by the Government regulator

MRV

“1+9” = 1 guidance + 9 sector methods



- In principle, the emission entity is the Independent Legal Entities
- Consistent with the statistical scope of the Shanghai's energy monitoring statistics
- Includes the direct emissions and the indirect emissions

“Technical Documentation for Accounting and Reporting of Shanghai's Greenhouse Gas Emissions”

MRV

Methodology

Based on calculation

- Emission factor: the activity data and the relevant parameter
- Material balance: based on the carbon content of the input and output

Based on measurement

- continuous measurement of the concentration or volume of the greenhouse gas emissions directly

MRV

Online reporting system



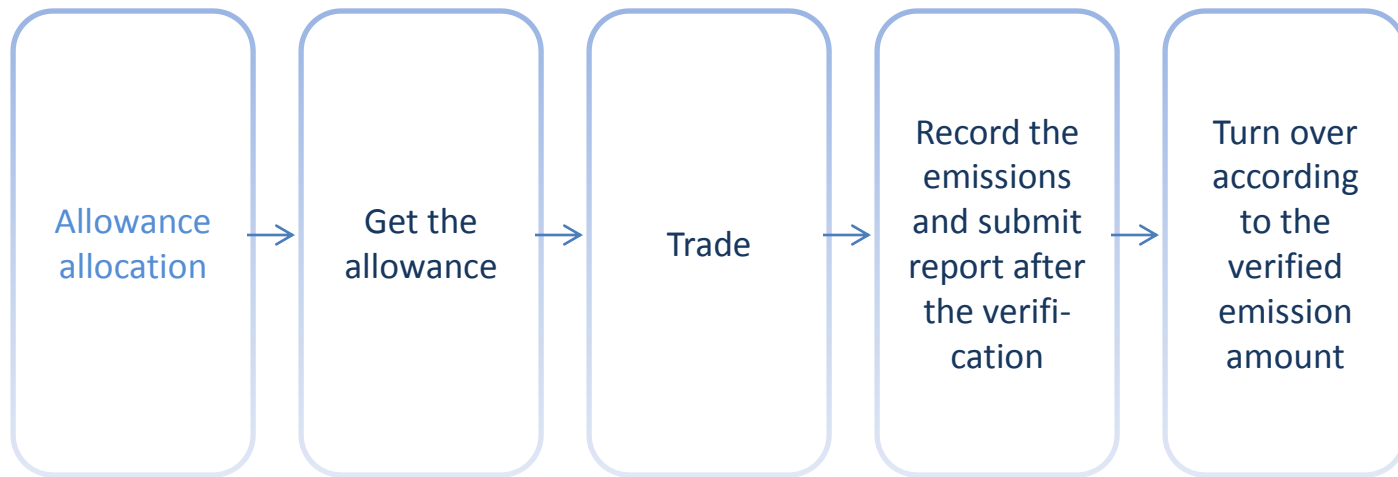
上海市碳排放报告直报系统

 用户名:

密 码:

Trading

As a “pilot enterprise”



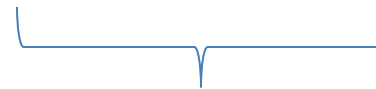
Allocation

- For 2013, 2014, 2015 at one time
- Can be banked, can't be borrowed



Trade

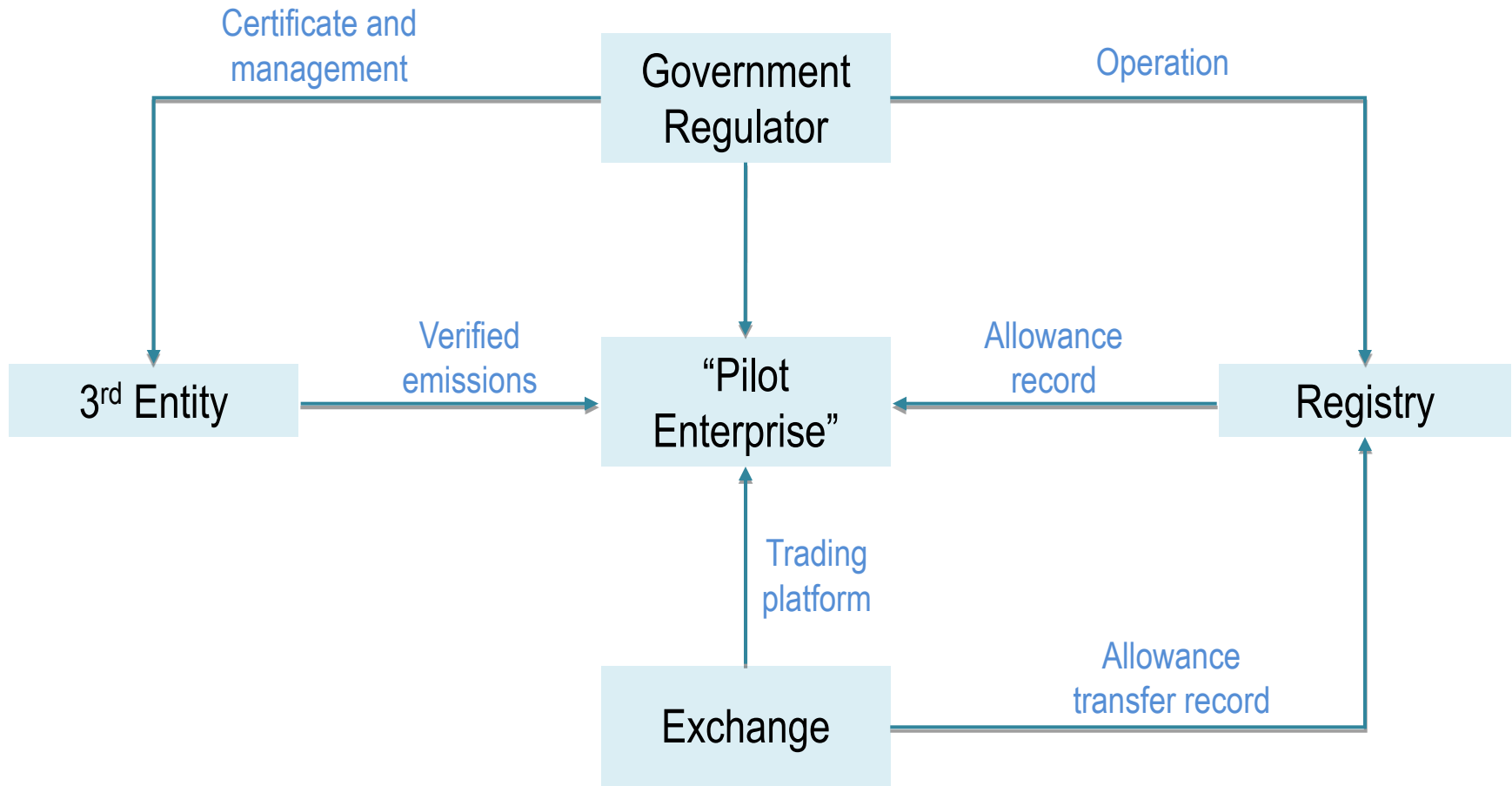
- According to enterprise



Evaluation

- Reporting, verification, turn over allowance, punishment

Operational Structure



Exchange Platform

Shanghai Environment and Energy Exchange

Founded in 2008

Carbon trading platform



Explore the market mechanism

Capacity building

Exchange Platform

Shanghai Environment and Energy Exchange



NDRC XIE Zhenhua



HAN Zheng, Mayor of Shanghai

SEEE



Anwarul K Chowdhury, former President of United Nations Security Council and UN Under Secretary General



Mary McAleese, Ireland, President



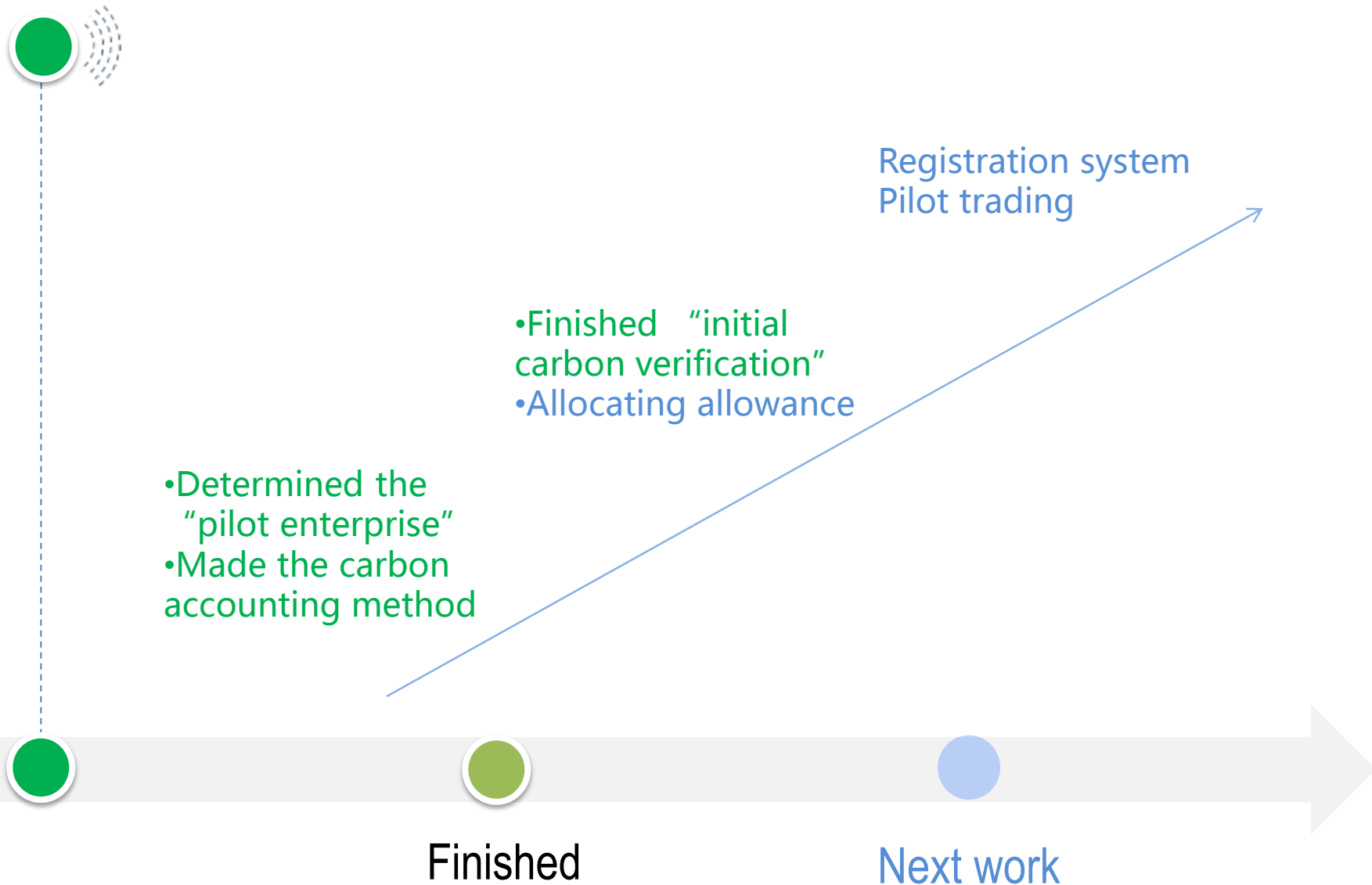
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Future Roadmap





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Thank you

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