China ETS Starts Compliance

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**Scope: start with power generation**

- Only CO₂ covered, no other gases.
- Both direct and indirect emission covered.
- Threshold: Enterprises whose annual CO₂ emissions exceed 26,000 tons,

<table>
<thead>
<tr>
<th>Sectors</th>
<th>Sub-sectors</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Power</strong></td>
<td>Generation /Cogeneration /Grid</td>
</tr>
<tr>
<td><strong>Petrochemical</strong></td>
<td>Crude processing /Ethylene production</td>
</tr>
<tr>
<td><strong>Chemical</strong></td>
<td>Chemical raw material /Fertilizer/ Pesticide Production /Synthetic material</td>
</tr>
<tr>
<td><strong>Building Material</strong></td>
<td>Cement clinker production /Plate glass production</td>
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<tr>
<td><strong>Iron and Steel</strong></td>
<td>Crude steel production /Steel rolling</td>
</tr>
<tr>
<td><strong>Nonferrous Metal</strong></td>
<td>Electrolytic aluminum /Copper smelting</td>
</tr>
<tr>
<td><strong>Paper making</strong></td>
<td>Pulp production /Paper making</td>
</tr>
<tr>
<td><strong>Aviation</strong></td>
<td>Passenger air transport /Air cargo transport /Airports</td>
</tr>
</tbody>
</table>
Scope: start with power generation

2245 covered entities in power sector:
Around 4 billion MtCO$_2$ accounts for 40% of national CO2 emissions.

Numbers of covered entities in each province

- Shandong: 338
- Jiangsu: 216
- Zhejiang: 168
- Henan: 141
- Shanxi: 120
- Hebei: 119
- Guangdong: 95
- Xinjiang: 86
- Anhui: 85
- Liaoning: 76
- Shaanxi: 74
- Sichuan: 68
- Jilin: 64
- Jiangxi: 51
- Heilongjiang: 51
- Hunan: 46
- Fujian: 45
- Guizhou: 43
- Liaoning: 35
- Guangxi: 34
- Yunnan: 31
- Tianjin: 28
- Shanghai: 28
- Gansu: 24
- Qinghai: 23
- Hainan: 19
- Shanxi: 13
- Beijing: 12
- Jilin: 7
What is the first compliance obligation?

Compliance for Year 2019 and 2020

Verified Data and Allocation

Registry and Exchange systems

Limited Liability
Timeline in 2021

- Reporting: April 30 for power sector and September 30 for others
- Verification: June 30 for power sector and December 31 for others
- Confirmation of Covered Entities: June 30 provinces submit list of covered entities to national authority
- Allocation: September 30 only for power sector
- Compliance deadline: December 31
Thank You!

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