

Update on China's Carbon Market

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I、 Policy Engagement on Development of China's ETS

Chinese government considers the development of ETS as one of key tasks to push forward reforms of economy and establishment of new ecological cultural system.

- 12th five Year Plan on Social and Economics Development
- Working Program on GHG Emission Control During 12th five Year Plan
- Decision of the Third Plenary Session of the Eighteen Central Committee
- Reform of Economic System and Ecological Civilization System
- The National Plan on Climate Change (2014-2020)

II、 Progress on CCER Trading

- June 2012 • issued the CCER Provisional Measures
- Sept. 2012 • provided CCER application formats
- Oct. 2012 • issued the guideline on validation and verification of CCER
- From Jan. 2013 • endorsed CCER exchanges (until now 7 exchanges)
- From March 2013 • endorsed CCER methodologies (until now 181 methodologies)
- From June 2013 • endorsed CCER DOEs (until now 9 DOEs)
- Oct. 2013 • provide online platform for information sharing and publication of CCER
- From Dec.2013 • endorsed CCER projects (until now 405 projects)

III、 Progress on Pilot Program of ETS

7 pilot program initiated in 2011.

Purpose: to explore the best approach and obtain necessary experiences for development of national ETS in China.



Chongqing
Population: 29.5 m
GDP: 1.15 trillion
Allowance
Allocated: 136 mt

Beijing
Population: 19.6 m
GDP: 1.78 trillion
Allowance
Allocated: 57 mt

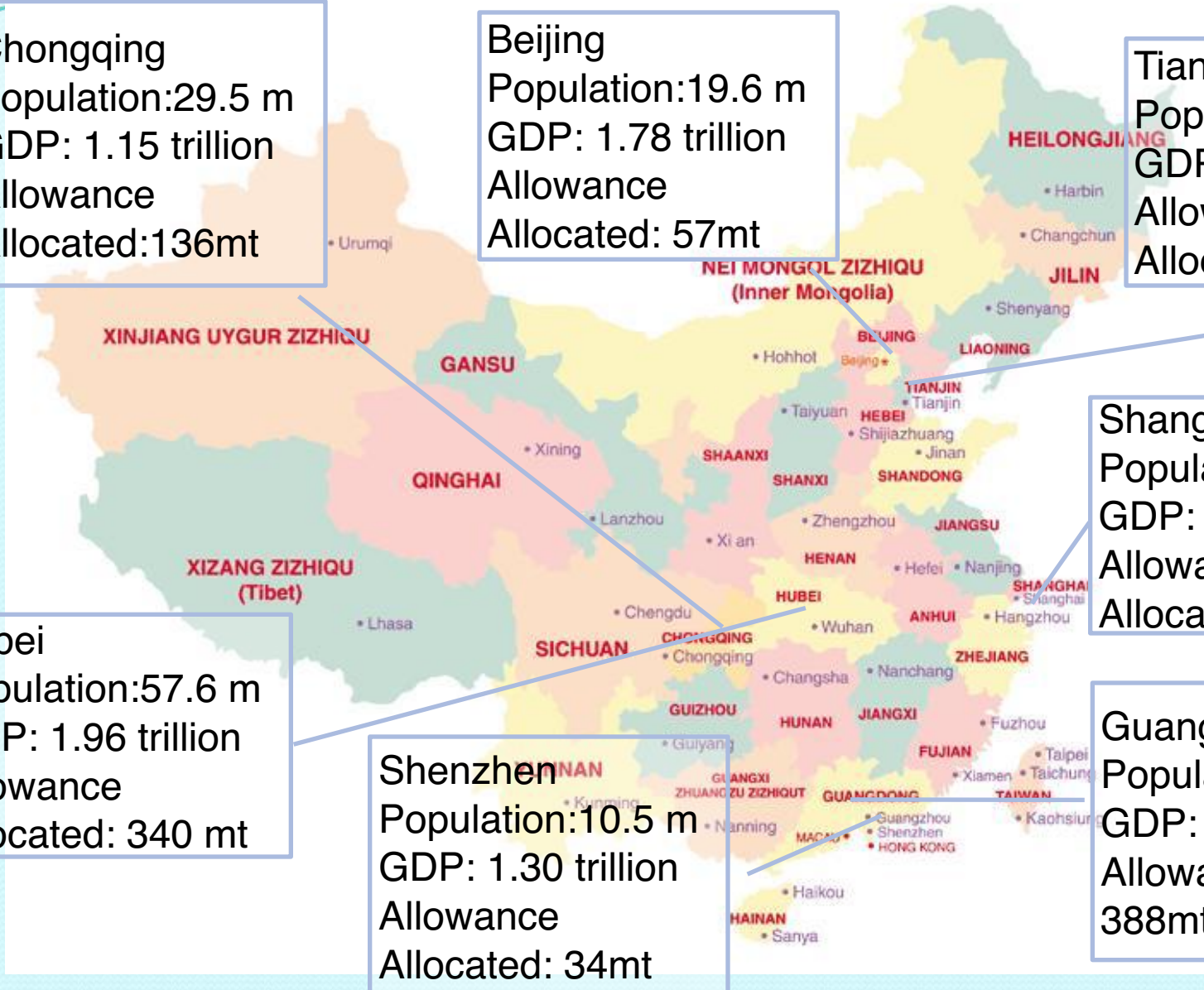
Tianjin
Population: 14.1 m
GDP: 1.29 trillion
Allowance
Allocated: 160 mt

Shanghai
Population: 23.8 m
GDP: 2 trillion
Allowance
Allocated: 160 mt

Hubei
Population: 57.6 m
GDP: 1.96 trillion
Allowance
Allocated: 340 mt

Shenzhen
Population: 10.5 m
GDP: 1.30 trillion
Allowance
Allocated: 34 mt

Guangdong
Population: 105.9 m
GDP: 5.7 trillion
Allowance
Allocated: 388 mt



Trading volume (until Oct 8, 2015) (in RMB, in tons CO2e)

region	Accumulated Trading volume	Accumulated trading value	Average price in total
SZ	4,292,928	209,955,817	49
SH	3,800,918	120,221,238	32
BJ	2,314,258	121,917,779	53
GD	8,054,513	182,672,436	23
TJ	2,041,733	36,026,654	18
HB	18,861,470	467,739,736	25
CQ	267,872	6,690,688	25
In total (about)	39.6 MT	1,145 M	

Allowance Auction exists in Guangdong, Hubei, Shenzhen and Shanghai

OTC market exists in Shenzhen, Beijing, Shanghai, Tianjin and Guangdong

IV. Progress & Consideration on Development of National ETS

the Interim Regulation of Carbon Emission Trading
(issued by NDRC, in Dec 2014)

- Allowance Management:
 - Provincial & National DRC
 - Mainly free allocation, and the proportion of paid allocation will be increased step by step
- Emission Trading
 - Trading product include emission allowance and CCER
 - Trading participants: enterprises with compulsive responsibility, other organizations and individuals in accord with Trading rules.
- Verification and Compliance
 - Monitoring Plan
 - GHG report
 - Verification and Check-for-Verification
- Supervision and Regulation
- Legal Responsibility

IV. Progress & Consideration on Development of National ETS

- **study and preparation on national ETS**

Based on the experiences of 7 pilot regions, China plans to start in 2017 its national emission trading system, covering key industry sectors.

- to formulate Regulation for National ETS (Interim Regulation already issued, legislation yet to be enhanced)
- to study on cap-setting for national ETS
- to issue guidelines on GHG emission accounting and reporting of enterprises (24 already issued)
- to implement the system of GHG emission reporting of enterprises
- to study all key elements of national ETS, like scope, allowance allocation, registry, MRV, oversight of market, etc.
- to study the feasibility of trading of carbon future goods and development of carbon finance

- **Enhance public awareness of ETS**

- to promote the significance on development of ETS, especially with the background of promotion of reform

- to enhance information sharing and exchange

- **Capacity building and training**

- to organize intensive training for pilot regions with the focus on operation and management of ETS

- to organize extensive training for non-pilot regions with the focus on development of ETS

- to establish professional training program for ETS

Thank you!

