

UPDATE ON CHINESE NATIONAL-WIDE ETS DEVELOPMENT

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London
March 2015

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PROGRESS ON DEVELOPMENT OF NATIONAL-WIDE ETS OF CHINA (I)

- Policy making on high-level
 - Taken as the important reform task by Reform Leading Group
 - Expressed in the latest governmental working report in CPC
- Legislation
 - Issued a Regulation on national ETS by NDRC
 - Working on a higher-level ordinances on national ETS of State Council
- Up-stream policy design
 - Proposal on GHG emission control for provinces
 - study on coverage, cap-setting, allocation of allowance for national ETS

PROGRESS ON DEVELOPMENT OF NATIONAL-WIDE ETS OF CHINA (II)

- **Development of MRV system**
 - Issuance of 14 guidelines on GHG emission accounting and reporting of enterprises
 - Development of 10 national standards on GHG emission accounting and reporting of enterprises based on the guidelines issued
 - Study on specific rules on verifiers and verification procedures
 - Push provinces to report GHG emission data of enterprises
- **Construction of national registry**
 - Operation of national registry in the part of CCER
 - Improvement of functions of national registry

PROGRESS ON DEVELOPMENT OF NATIONAL-WIDE ETS OF CHINA (III)

- **Capacity building**
 - intensive training for pilot regions with the focus on operation and management of ETS
 - extensive training for non-pilot regions with the focus on development of ETS
 - specific training programs related to ETS, like GHG reporting, etc.

- **Enhance public awareness of ETS**
 - Propaganda in Low Carbon Day
 - Seminars, forums, exchanges for ETS

PROGRESS ON DEVELOPMENT OF NATIONAL-WIDE ETS OF CHINA (IV)

2012-05

- Participation in PMR formally as the largest implementation country

2012-10

- Submission of draft of MRP and presentation on roadmap of Chinese ETS

2013-04

- Approval by PA on allocation of 8,000,000 USD fund

2013-
2014

- Preparation for all required project documents

2014-11

- Signature of Grant Agreement and being ready for implementation

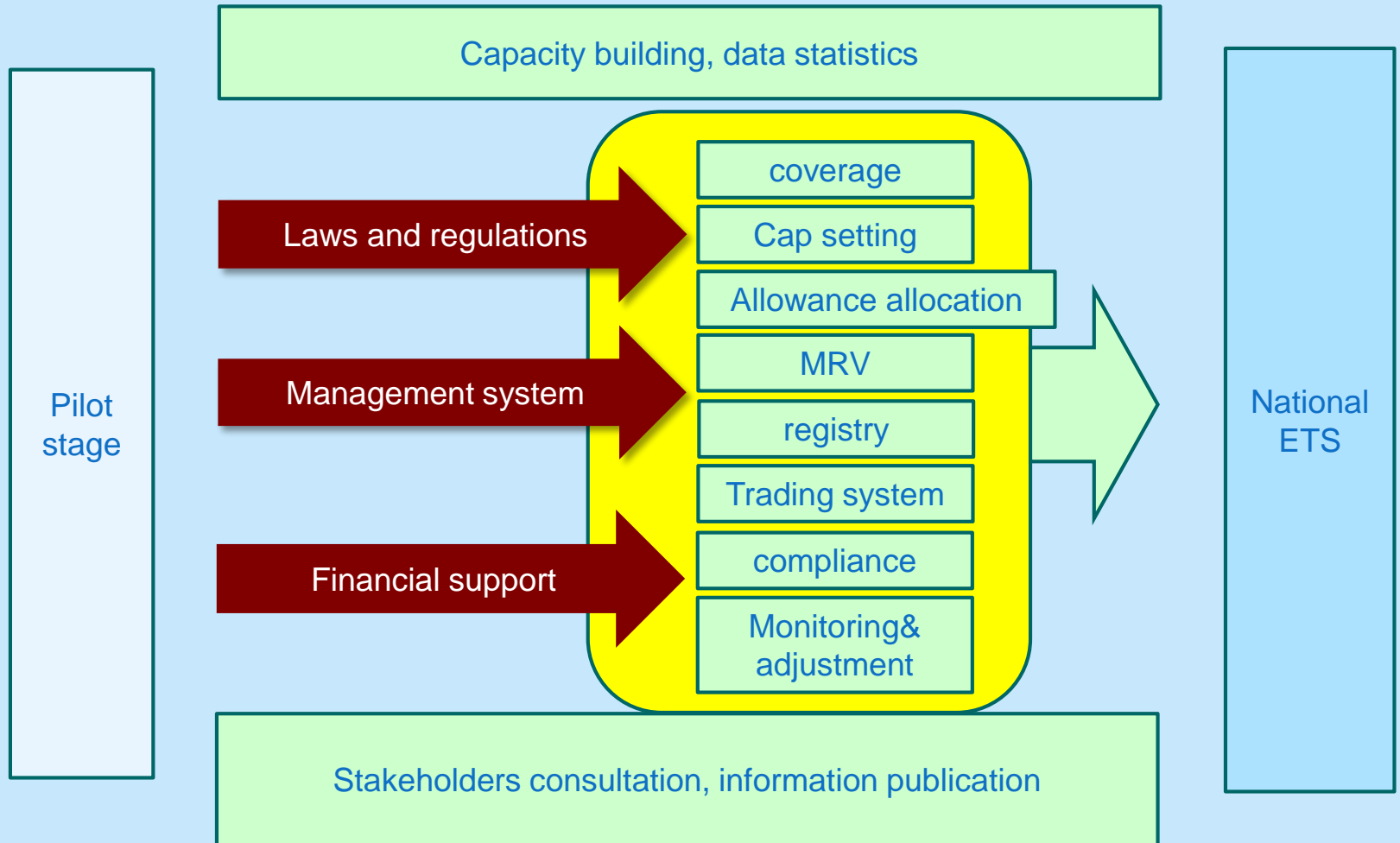
2014-12

- Selection of consultants for main sub-contracts by international bidding

2015-3

- Implementation of CPMR Project

ROADMAP OF DEVELOPMENT OF NATIONAL-WIDE ETS (I)



ROADMAP OF DEVELOPMENT OF NATIONAL-WIDE ETS (II)

**Preparation stage
(2014-2016)**
Study &
construction

**Implementation
stage (2017-2020)**
Operation &
improvement

**Extension stage
(after 2020)**
Extension & Linkage

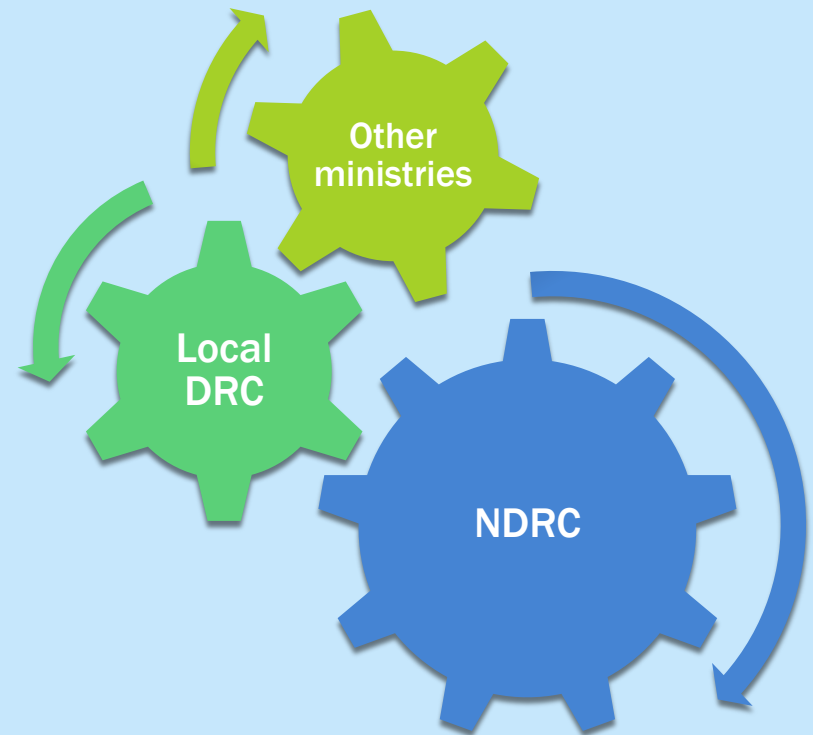
ROADMAP OF DEVELOPMENT OF NATIONAL-WIDE ETS (III)



KEY ELEMENTS IN THE DESIGN OF NATIONAL-WIDE ETS OF CHINA

■ Management structure

- National authority: NDRC, for the development, management, monitoring and guidance of national ETS
- Local authority: provincial DRC, for the management, monitoring and guidance of activities in certain province
- Sector authority: other related ministries, for the supportive management assignments



KEY ELEMENTS IN THE DESIGN OF NATIONAL-WIDE ETS OF CHINA

- Allowance management
 - Coverage of sectors and threshold of enterprises are decided by National authority, based on that, local authority is to decide the enterprise list covered by national ETS. The local authority could apply for extending coverage.
 - National authority will work out a unified cap-setting and allowance allocation plan, based on that, local authority is to allocate allowance among enterprises.
 - From free allocation to free plus auction allocation gradually, and the revenue from auction will be used for GHG emission reduction projects.
 - A certain part of allowance would be reserved for market adjustment
 - All allowance would be managed through national registry.

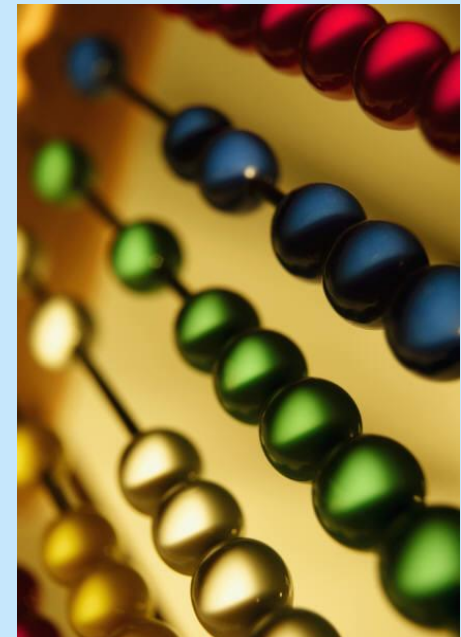
KEY ELEMENTS IN THE DESIGN OF NATIONAL-WIDE ETS OF CHINA

- Trading of allowance
- Tradable goods is allowance allocated and CCER, other trading goods could be introduce gradually.
- National authority is to select qualified exchanges to be as national exchanges for ETS.
- Legal participants would include enterprises, agencies, and individuals
- Trading platform is to connect with national registry.



KEY ELEMENTS IN THE DESIGN OF NATIONAL-WIDE ETS OF CHINA

- **MRV and surrender of allowance**
 - National authority will develop unified MRV guidelines for reporting and verification, and the enterprise will develop its own monitoring plan.
 - GHG emission report of enterprises is required to be verified by qualified verification agencies which are managed by national authority.
 - Enterprises should surrender allowance to local authority per year as their obligation, which is to be reported to national authority by local authority.



KEY ELEMENTS IN THE DESIGN OF NATIONAL-WIDE ETS OF CHINA

- **Monitoring and information publication**
 - National authority is required to publish all key administrative information
 - Exchanges is required to publish all key trading information
 - National and local authority will work together for monitor and management of enterprises, verification agencies, as well as exchanges
 - Development of credit management of ETS and blacklist



MAIN CHALLENGES

- **Legislation issue**
 - effectiveness
 - Complicated procedure
- **Basic data**
 - Micro data is difficult to collect
 - Data accuracy
- **Market liquidity**
 - Trading is not active
- **Policy coordination**
 - Energy conservation trading, carbon tax
- **Human resources**
 - Professional administrators and employers

NEXT STEP

- Enhance the communication between pilots and nation to assure smooth transition
- Enhance the coordination with related domestic sectors and agencies to apply for more support
- Enhance the management of CPMR project to assure that it can be implemented very well in order to provide practical support for the development of Chinese ETS
- Enhance the information exchange on the platform of PMR to learn more experiences and to share Chinese lessons
- Enhance the bilateral and multilateral cooperation with other partners to back up the development of Chinese ETS together
- Enhance the consultation with stakeholders to increase the feasibility of policies

THANKS FOR YOUR ATTENTION

