



Background, Scope and Coverage of China ETS

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1. Backgrounds

(1) International Environment



Pressure of international climate negotiations

- China, largest emitter currently
- fast economy growth, main source of emissions growth in future

-- CO₂ emissions (billion tons)

CHN, 7.95
MEX, 0.43
EU, 3.54
US, 5.29



Joining formulation of international climate -

- Gaining discourse right of low carbon development is the only way we can choose

--CO₂ / capita (tons)

CHN, 5.92
MEX, 3.96
EU, 7.04
US, 16.94

1. Backgrounds

(2) Domestic Environment



Transforming development pattern, shifting development model into low carbon



Ensuring energy security, reducing fossil energy consumption



Preserving ecological environment, relieving pressure of haze governance



1. Backgrounds

(3) Emission reduction goals

Nov, 2009, Copenhagen Conference:

“By 2020, China's **carbon intensity** (GHG emissions per unit of gross domestic product (GDP)) is to be **decreased by 40% ~ 45%** comparing to the 2005 level ”

Nov. 12th 2014, APEC

《U. S. -China Joint Announcement on Climate Change》 :

“China intends to achieve the **peaking** of CO2 emissions around **2030** and to make best efforts to peak early and intends to increase the share of non-fossil fuels in primary energy consumption to around 20% by 2030” .



1. Backgrounds

(4) Policy Package relate to Pilot and National ETS Building in China

October 2010,
Foster and Develop
the Strategic
Emerging
Industries, decision
issued by the State
Council, state to
establish pollutant
and carbon
emission trading
system

March 2011,
National 12th
five-year plan
state to develop
GHG emission
accounting and
calculating
system, and
gradually
establish carbon
market

Nov. 2011,
Carbon
Emission Pilot
to be
implemented,
notification
issue by national
NDRC,
approved 2
provinces and
5 cities as ETS
pilot areas

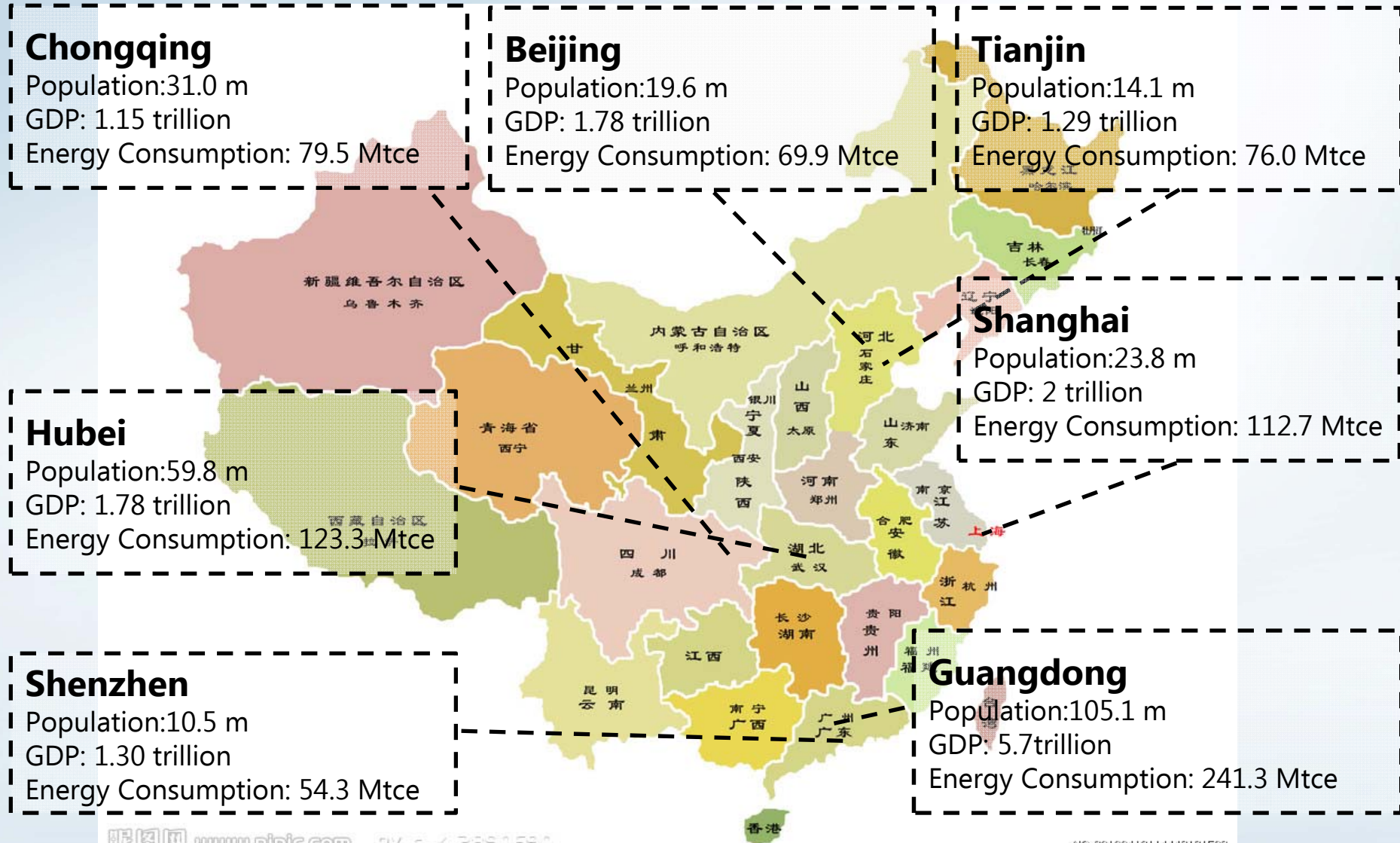
May of 2013,
Deepen Reform of
the Economic
System, issued by
NDRC, state to
expand the Emission
Trading Scheme and
research on
establishment of
national system.

Dec of 2014,
Carbon emissions
trading management
Interim Measures,
issued by **NDRC, the**
first official document
for national ETS.

2. Elements of Pilots System

(1) Overview

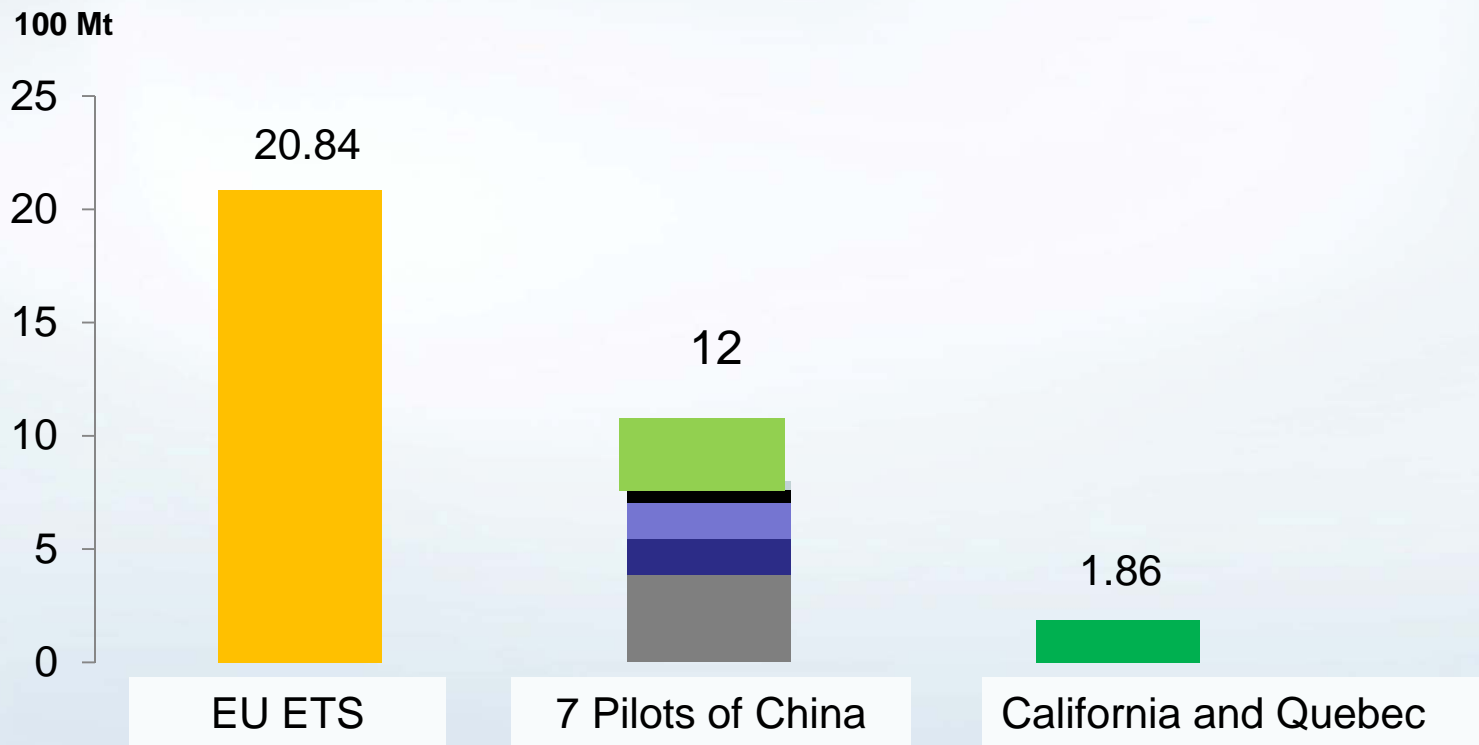
Population: 20%, Energy: 25%, GDP (Gross Domestic Product): 33%



2. Elements of Pilots System

(2) Allowance Volume

- Pilot period: **2013-2015**
- Total volume of allowances in the first compliance year of 7 Pilots is around **1.2 billion tons**
- Rank **2nd** worldwide, behind EU ETS



(3) Coverage

Pilots	Covered sectors	Threshold (tons)	Covered entities	Percentage of covered emission, %
Shenzhen	Industrial sectors(Power, Manufacturing, etc);	3,000	635	54
	Buildings	10,000 m ²	197	
Shanghai	Industrial sectors(Steel, Chemical, Petrochemical, Power, etc)	20,000	191	57
	Non-industrial sectors(Airports, Ports, Hotels, etc)	10,000		
Beijing	Power, Heat supply, Cement, Petrochemical, other industrial sectors, Service	10,000	415 (2013) ; 543 (2014)	49
Guangdong	Power, Cement, Petrochemical, Steel	20,000	184 (2013) ; 193 (2014)	50
Tianjin	Power, Heat supply, Chemical, Petrochemical, Steel, Oil and gas production	20,000	114	60
Hubei	Industrial Sectors	60,000 tce (Comprehensive Energy Consumption)	138	35
Chongqing	Industrial Sectors	20,000	242	NA

2. Elements of Pilots System

(3) Coverage

Shenzhen: all 6 gases

Other 6 areas: CO₂

Gas Type

CO₂

CH₄

N₂O

HFC

PFC

SF₆

Thank you!

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