

Making China's National ETS Fit for the New Mitigation Targets

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Policy System for Achieving China's Carbon Peaking Targets and Carbon Neutrality Vision

- 2030 carbon emissions peaking target and 2060 carbon neutrality vision
- Policy system for the dual targets
 - ✓ 1 + N policy system
 - ✓ Opinions of the CPC Central Committee and the State Council on Carbon Peaking and Carbon Neutrality Target Work by Fully, Strictly and Comprehensively Implementing the New Development Concepts
 - ✓ Action Plan on Carbon Peaking before 2030 by the State Council
 - ✓ Carbon Peaking Action Plans and Supporting Plans in Key Industries and Areas

Policy System for Achieving China's Carbon Peaking Targets and Carbon Neutrality Vision

- Submissions to the UNFCCC
 - ✓ China's Achievements, New Goals and New Measures for NDCs
 - ✓ China's Mid-Century Long-Term Low Greenhouse Gas Emission Development Strategy
- Actions in Key Industries and Areas
 - ✓ Comprehensive green transformation of social and economic development
 - ✓ Great improvement of the industrial structure
 - ✓ Speeding up the development of a clean, low-carbon, safe and high-efficiency energy system
 - ✓ Expediting the formation of a low-carbon transportation system

Policy System for Achieving China's Carbon Peaking Targets and Carbon Neutrality Vision

- Actions in Key Industries and Areas
 - ✓ Comprehensively promoting green and low-carbon development in the urban rural construction
 - ✓ Strengthening RD&D of key green and low-carbon technologies
 - ✓ Continuously improving carbon sinks
- ✓ Cross-sector actions
 - ✓ Improving the legal and statistical systems
 - ✓ Improving policies and mechanisms, including market-based approaches
 - ✓ Strengthening leadership, coordination, local responsibilities and supervision

Stronger and Clearer Carbon Price Signal Essential for Achieving China's Carbon Peaking and Neutrality Targets

- Investment of 100-200 trillion Yuan (13-26 trillion Euros) is needed for China to achieve its carbon neutrality targets
- Stronger and clearer carbon price signal is needed for not only the carbon intensive sectors but also the investors and the financial sector
- High, stable or increasing carbon prices are essential, making low carbon investment options feasible, increasingly attractive and more competitive
- Sources of carbon price signals in China: ETS, carbon tax, long and stable policy
- Improving the operating national ETS especially important

Improvement of China's National ETS in the Short Term

- State Council regulation on national ETS crucial for not only the operation of the system but also the long-term existence and development direction of the system
- More trading products other than spot trading of allowance needed to serve the evolving needs of the covered entities considering reforms in the power sector, etc.
- More effective and efficient system to ensure data quality
- More effective and efficient compliance system
- Other rules necessary for the smooth and efficient operation and improvement of the system, including disclosure of relevant data
- Performance assessment of the system

Making System Design Fit for the New Mitigation Targets

- More sectors should be covered
- Transition from intensity-based to mass-based emissions cap
- Strengthening the allocation rules to make carbon prices more visible to emitters
 - ✓ Lowering benchmarks for free allocation
 - ✓ Clear road map for introducing auction
- Market intervention rules

Making System Design Fit for the New Mitigation Targets

- Collection and use of financial resources
 - ✓ Auction of allowances
 - ✓ Operation of the system
 - ✓ Low carbon development and transition
 - ✓ Low carbon technology development
 - ✓ Special needs of the vulnerable sectors/regions/groups

Thanks