



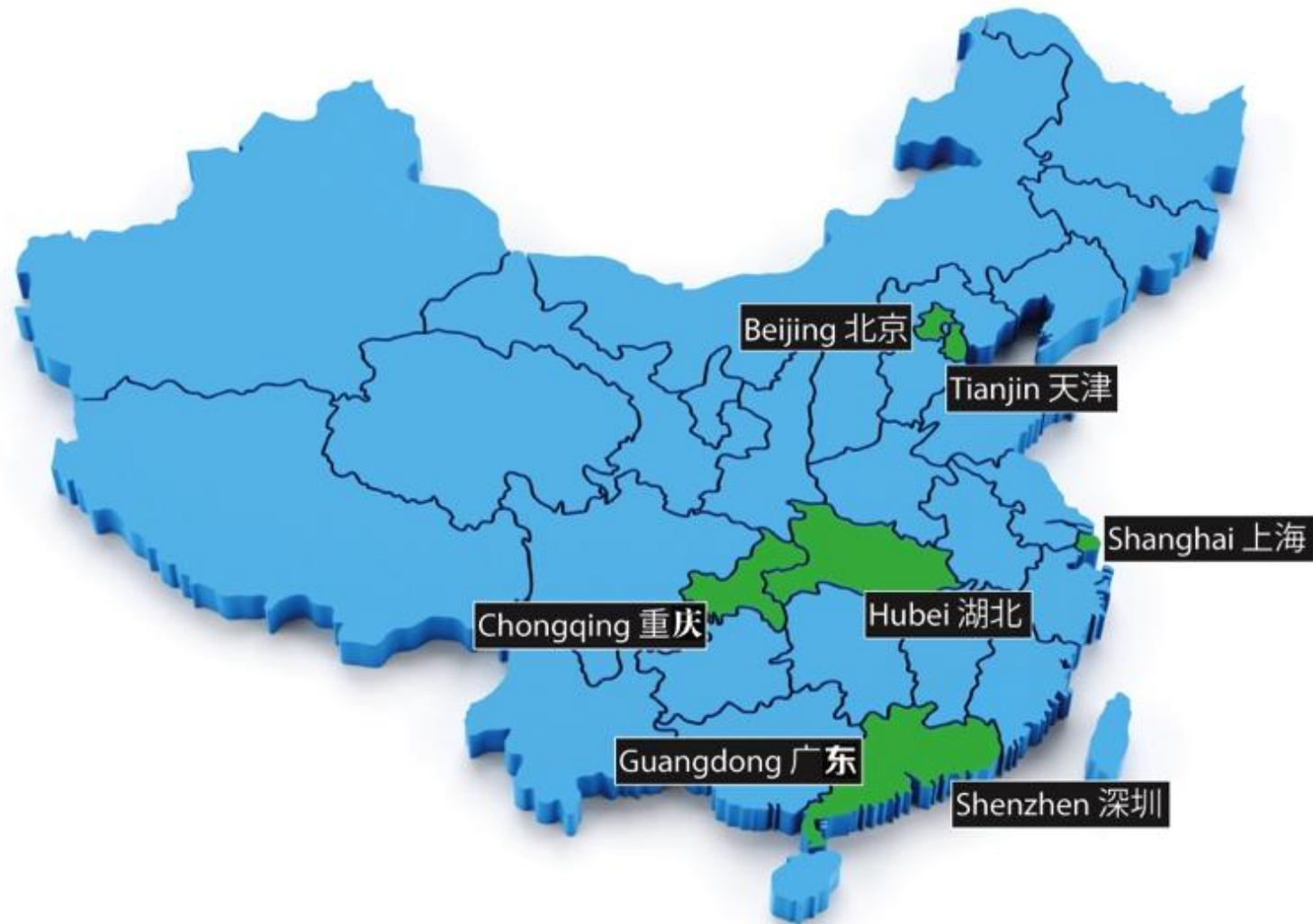
# IETA

INTERNATIONAL EMISSIONS  
TRADING ASSOCIATION

## **IETA/IEA/EPRI: 13<sup>th</sup> Annual Workshop on Greenhouse Gas Emission Trading**

Jeff Swartz – Director, International Policy IETA

# China Takes on Emissions Trading



# Think like Deng Xiaoping...the Pilots represent:

- 256 million people (18% of total population)
- 27% of 2010 national GDP
- 3.5% of the global economy
- Strategic economic hubs
- Traditional industrial bases



# Moving towards a national carbon market

Dec. 2009:  
40-45%  
carbon  
intensity  
reduction goal  
by 2020

2012:  
Voluntary  
Emissions  
Guidelines  
and draft pilot  
Guidelines

Nov. 2011:  
Emissions  
Trading Pilots  
Announced

June 2013:  
Shenzhen ETS  
“Launch”



**2016**

## China's Current Energy/Climate Goals

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- By  
2015:
- Reduce CO<sub>2</sub> per unit of GDP by 17%
  - Reduce national energy consumption per unit of GDP by 16%
  - Increase the ratio of non-fossil energy to the consumption of primary energy to 11.4%
  - Increase acreage of new forests by 12.5 million hectares
  - Increase renewables to 9.5% of total energy mix

## Shenzhen ETS: A Quick Glance

- ▶ **Participation:** Any company that emits more than 5,000 tonnes/CO<sub>2</sub> per year
- ▶ 100% free **allowances** during 2013-2015.
- ▶ **Trading:** direct and indirect CO<sub>2</sub> emissions traded at the Shenzhen Emissions Exchange
- ▶ On the **1<sup>st</sup> trading day** (June 18), 21,112 tonnes bought, with a total value of ¥613,236 (€77,800). Spot price ranged from ¥32 to ¥28 (€3.55-€4)/tonne.

## ETS Violations and Penalties in Shanghai

- ▶ Non compliance for reporting/verification/allowance surrender: in the range of **¥10,000 to ¥100,000**
- ▶ **Credit investigations** by the city tax bureau
- ▶ Loss of future government **subsidies/finance**
- ▶ **Construction or operating licenses revoked/decline**
- ▶ For a (a State-Owned Enterprise (SOE), the ETS violation will be included into the **annual performance assessment** system; this is linked to **the salary** of the CEO

# The Business Partnership for Market Readiness (BPMR): Building the next generation of market based instruments



## Next Missions:

- ▶ **Korea (Sept 26-27)**
- ▶ **Shanghai (October 29-30)**





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**Thank you**

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Climate Challenges- Market Solutions