

Overall Consideration of National Carbon Market

Department of Climate Change,
Ministry of Ecology and
Environment

Outline

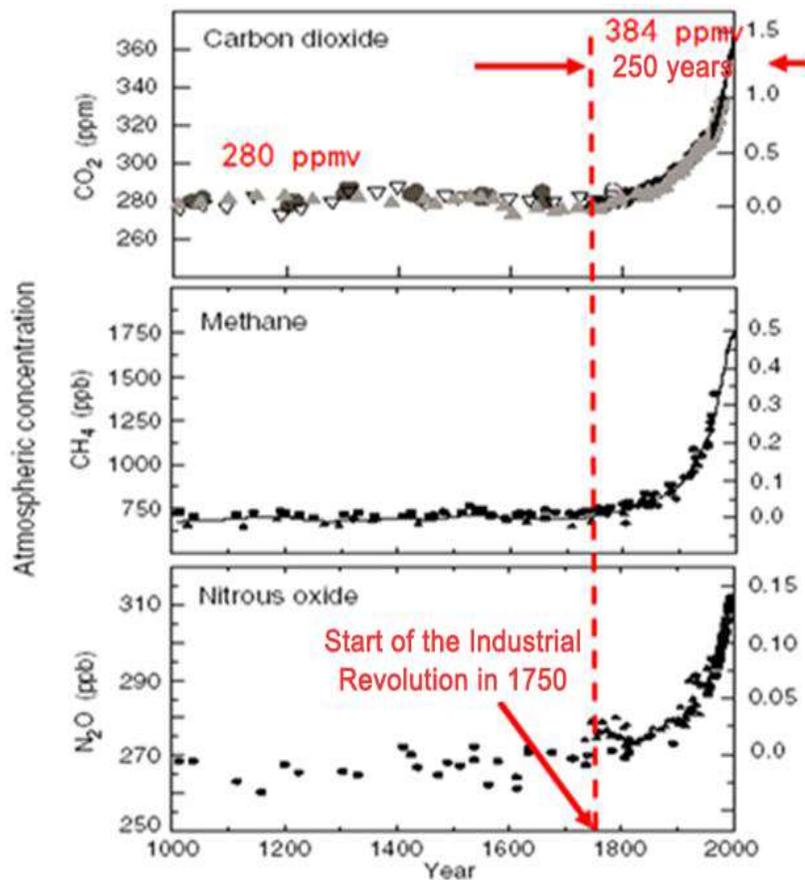
I. Policy Background of Carbon Market

II. Fundamentals of Carbon Market

III. Key Points of the *Construction Plan for National Carbon Emission Rights Trading Market (Power Generation Industry)*

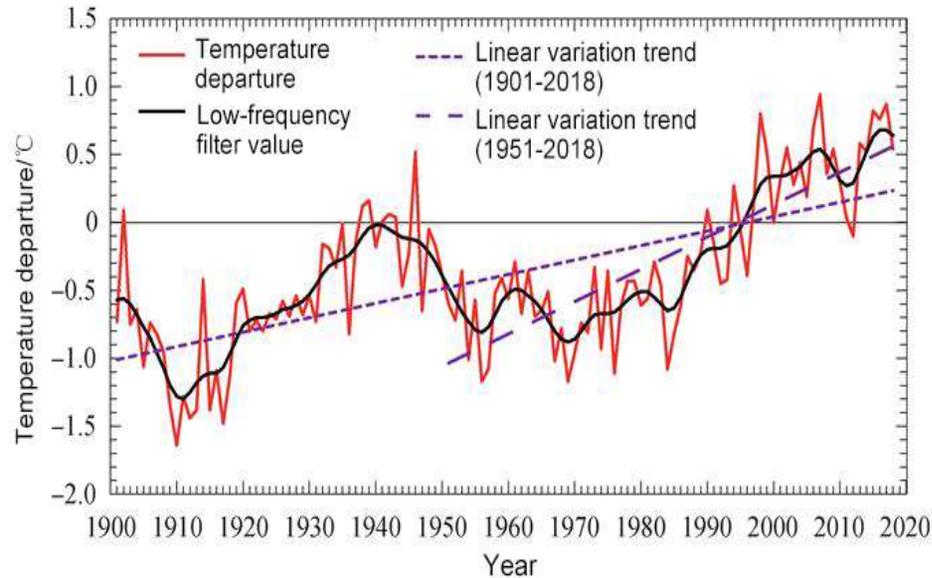
I. Policy Background of Carbon Market

Variation Trend of Main Global Greenhouse Gases (GHG) Concentration



- The latest information released by the World Meteorological Organization (WMO) shows that the average temperature worldwide in 2018 was 0.38°C higher than the average value between 1981 and 2010, and about 1°C higher than the figure before industrialization. The past five years (2014-2018) were the warmest five years on the complete record of metrological observation.
- Hazards of climate change:
Significant impacts on the natural ecological environment (extreme weathers, natural disasters, ecological balance)
Severe threats to the economic and social development of the mankind (economic and social losses, etc.)

I. Policy Background of Carbon Market



The average annual surface temperature in China rose evidently from 1901 to 2018, and the recent 20 years marks the warmest period since the beginning of the 20th century. The average annual temperature in China went up by 0.24°C in every ten years from 1951 to 2018, and the rate of temperature rise was obviously higher than the global average in the same period.

-- National Climate Center, China Metrological Administration, Blue Paper of Climate Change 2019 in China

I. Policy Background of Carbon Market

- The scientific community has deepened understanding about climate change since the 1980s, and the IPCC has released assessment reports for five times. Each of these reports further recognizes human activity as the major cause of global climate change than the earlier report.
- The international community has started to negotiate on the international institutional arrangements for fighting against climate change under the framework of the United Nations since 1990. The *United Nations Framework Convention on Climate Change (UNFCCC)*, the *Kyoto Protocol* and the *Paris Agreement* were concluded in 1992, 1997 and 2015, respectively, serving as the political and legal foundations for all countries to work together in the fight against climate change.



United Nations
Framework Convention on
Climate Change



I. Policy Background of Carbon Market

When meeting with the US Secretary of State in February 2014, President Jinping XI pointed out that

Responding to climate change is what China needs to do to achieve sustainable development. This is not at others' request but on our own initiative.

When addressing the opening ceremony of the United Nations Climate Change Conference held in Paris in 2015, President Jinping XI noted that Ecological endeavors will feature prominently in China's 13th Five-Year Plan. China will work hard to implement the vision of innovative, coordinated, green, open and inclusive development. China will, on the basis of technological and institutional innovation, adopt new policy measures to improve industrial mix, build low-carbon energy system, develop green building and low-carbon transportation, and build a nationwide carbon emission trading market so as to foster a new pattern of modernization featuring harmony between man and nature.



I. Policy Background of Carbon Market

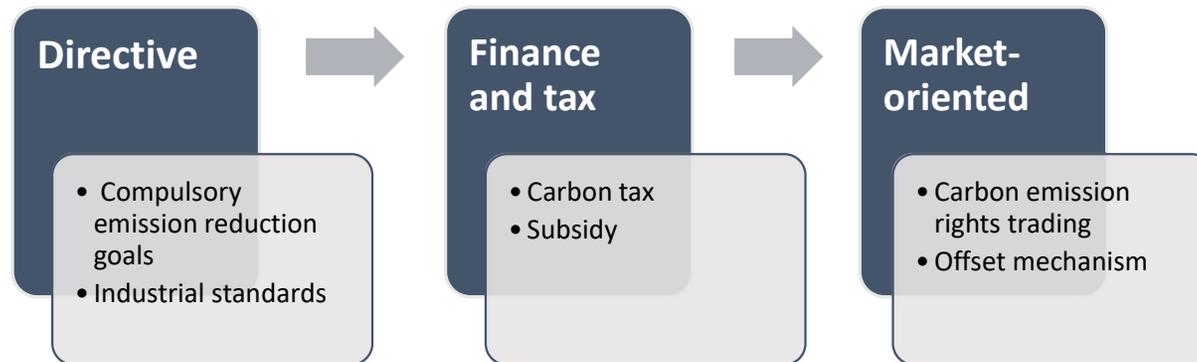
When addressing the National Conference on Environmental Protection in May 2018, General Secretary Jinping XI underscored that

- Building an ecological civilization is vital for sustaining the development of the Chinese nation.
- Ecological environment is a major political issue mattering to the mission and purpose of the Communist Party of China (CPC), and also a key social issue mattering to people's wellbeing.
- The following principles should be adhered to when building an ecological civilization in the new era: first, ensuring harmony between human and nature; second, lucid waters and lush mountains are invaluable assets; third, sound ecological environment is the most inclusive benefits to people's wellbeing; fourth, mountains, rivers, forests, farmlands, lakes and grasslands are a life community; fifth, protecting the environment requires the best institutional arrangements and the strictest rule of law; and sixth, working together on global ecological civilization construction.
- Promote green development comprehensively.
- Prioritize the tackling of prominent ecological environment issues in the work related to people's wellbeing.
- Effectively prevent eco-environmental risks.
- Enhance environmental governance.

GHG Emission Control Goals of China

Year	Documents	Goals
2009	2020 GHG Emission Control Targets	By 2020, carbon dioxide emission per unit of GDP would drop by 40-45% compared with that of 2005, the share of non-fossil fuel energy in primary energy consumption would stand at about 15%, and forest area and growing stock would be 40 million hectares and 1.3 billion cubic meters more than that of 2005, respectively.
2011	Outline of the 12th Five-Year Plan	By 2015, carbon dioxide emission per unit of GDP would drop by 17%, the share of non-fossil fuel energy in primary energy consumption would stand at about 11.4%, forest coverage would amount to 21.66%, and forest growing stock area would be up by 600 million cubic meters.
2015	Intended Nationally Determined Contributions	By 2030 or so, carbon dioxide emission would try to reach the peak value as early as possible, carbon dioxide emission per unit of GDP would be down by 60-65% compared with that of 2005, the share of non-fossil fuel energy in primary energy consumption would reach about 20%, and forest growing stock would be 4.5 billion cubic meters more than that of 2005.
2016	Outline of the 13th Five-Year Plan	By 2020, carbon dioxide emission per unit of GDP would drop by 18% compared with that of 2015, the share of non-fossil fuel energy in primary energy consumption would rise to 15%, forest coverage would amount to 23.04%, and forest growing stock area would grow to 16.5 billion cubic meters.

Significance of Developing Carbon Trading System



Establishing the carbon emission rights trading market

- is a key move to control GHG emission based on the market mechanism
- is an urgent need to deepen the reform of promoting ecological progress
- is conducive to cutting back on nationwide emission reduction cost and promoting economic transition and upgrading for green and low-carbon development

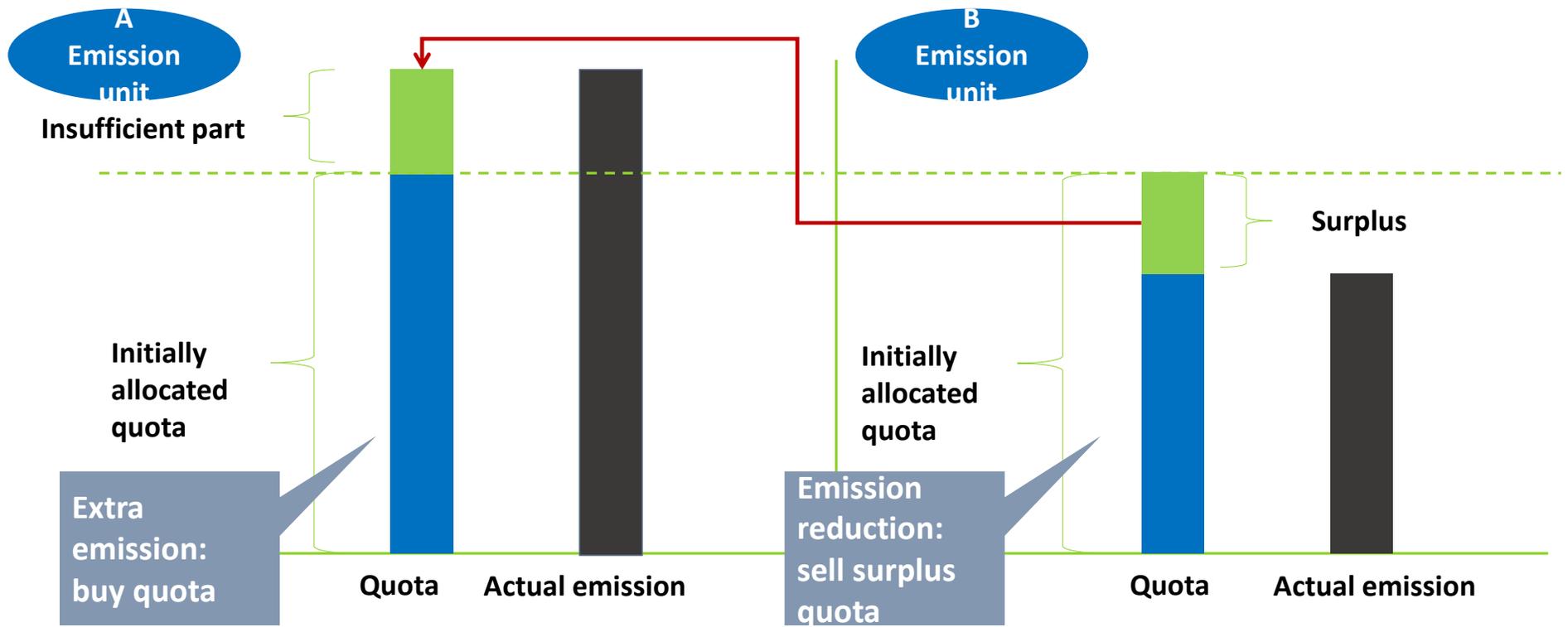
I. Policy Background of Carbon Market

Time	Documents	Key contents
March 2011	Outline of the 12th Five-Year Plan	Gradually establish the carbon emission trading market.
November 2011	Work Plan for Greenhouse Gas Emission Control during the 12th Five-Year Plan Period	Explore and establish the carbon emission trading market, develop the voluntary emission reduction trading mechanism, launch carbon emission rights trading pilot programs, and strengthen the development of the support system of carbon emission trading.
November 2012	Report to the 18th CPC National Congress	Actively carry out energy saving, carbon emission rights, emission rights, and water rights trading pilot programs.
November 2013	Decision of the CPC Central Committee on Several Major Issues Concerning Comprehensively Deepening the Reform	Push forward energy saving, carbon emission rights, emission rights, and water rights trading systems.
May 2015	Opinions of the CPC Central Committee and the State Council on Accelerating the Ecological Civilization Construction	Establish energy saving and carbon emission rights trading systems, deepen trading pilot programs, and promote the establishment of the national carbon emission rights trading market.

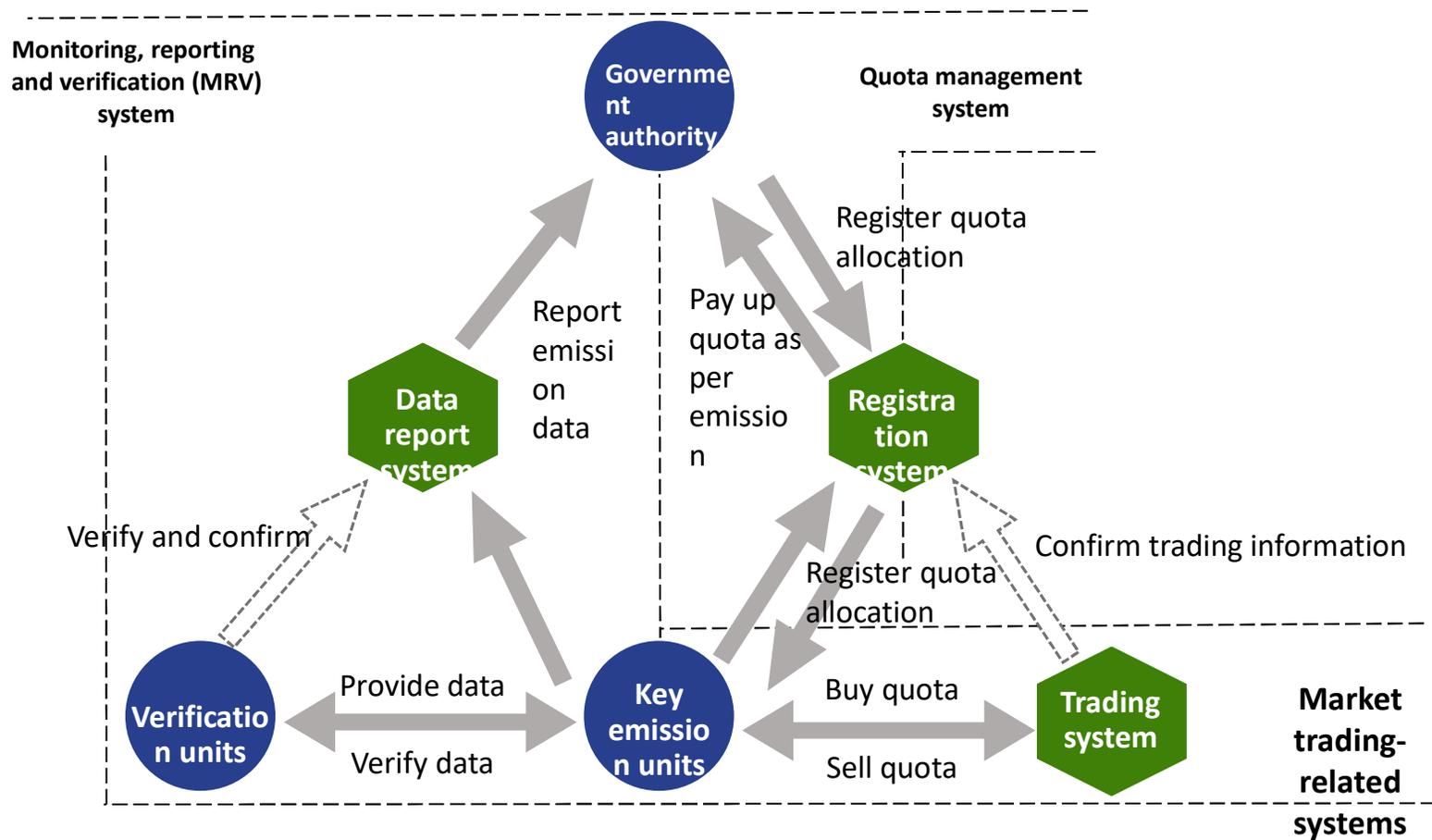
I. Policy Background of Carbon Market

Time	Documents	Key contents
September 2015	Integrated Reform Plan for Promoting Ecological Progress	Pursue energy use rights and carbon emission rights trading systems; deepen carbon emission rights trading pilot programs, gradually put in place the national carbon emission rights trading market, design the national scheme for total quantity setting and quota allocation of carbon emission rights trading; improve the carbon trading registration system, and establish the supervision system for carbon emission rights trading market.
September 2015	China-U.S. Joint Presidential Statement on Climate Change	China also plans to initiate the national carbon emission trading system in 2017, which will cover major industries such as iron and steel, electricity, chemical industry, building materials, papermaking and non-ferrous metals.
March 2016	Outline of the 13th Five-Year Plan	Develop and perfect the initial allocation systems of energy use rights, water rights and carbon emission rights; promote the establishment of the unified national carbon emission trading market, and implement the systems for carbon emission reporting, examination, verification and quota management of key units; modernize the systems for statistical accounting, appraisal and assessment and accountability, and improve the carbon emission standard system.
October 2016	Work Plan for Greenhouse Gas Emission Control during the 13th Five-Year Plan Period	Establish and operate the national carbon emission rights trading market; set up the national carbon emission rights trading system; initiate and operate the national carbon emission rights trading market; and build up the basic capacity of supporting national carbon emission rights trading.

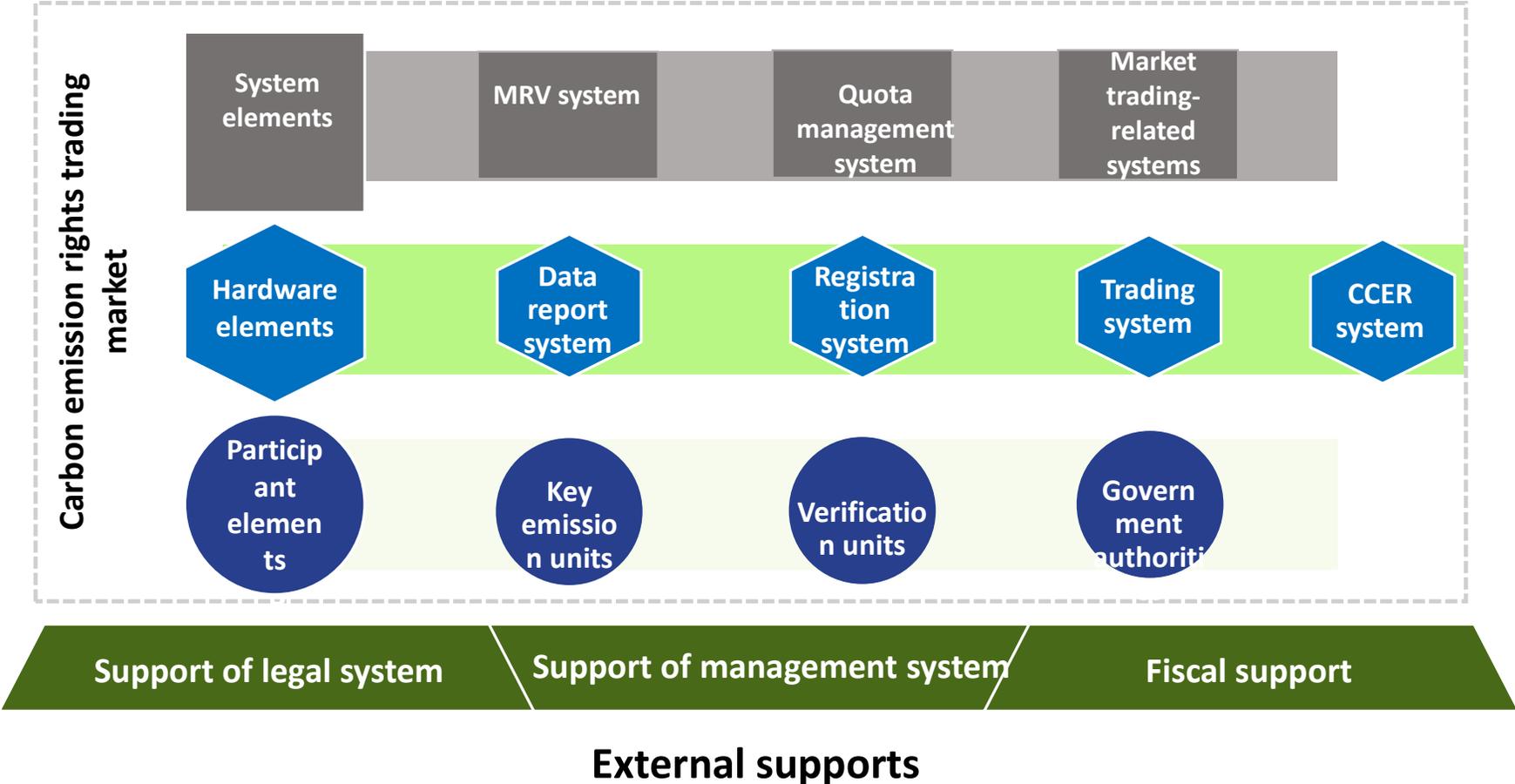
II. Fundamentals of Carbon Market



Operation Framework and Process of National Carbon Market



Key Components of National Carbon Market



III. Key Points of the *Construction Plan for National Carbon Emission Rights Trading Market (Power Generation Industry)*

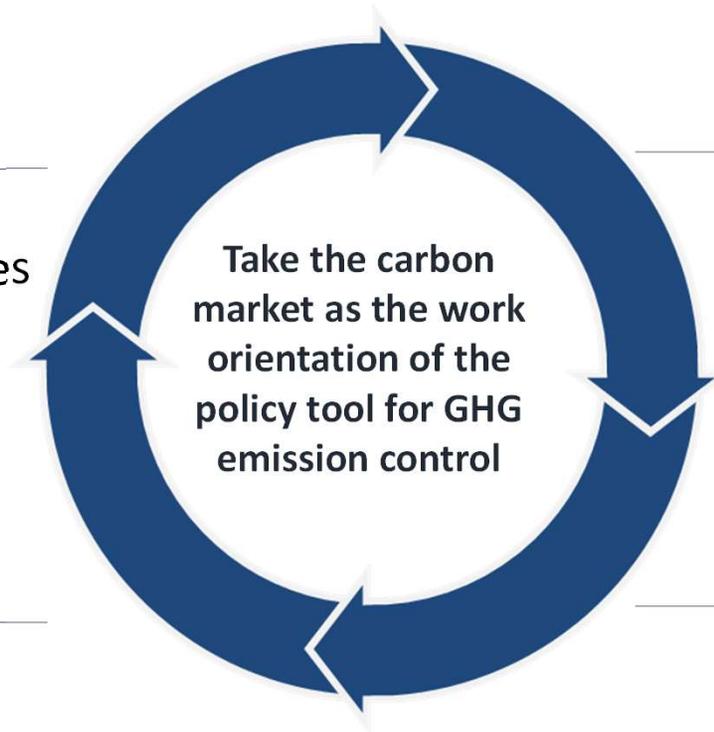
The *Construction Plan for National Carbon Emission Rights Trading Market (Power Generation Industry)* was issued in December 2017 with the consent of the State Council , marking the official launch of the national carbon emission trading system.



Basic Principles

Remain market-oriented,
government services

Follow unified standards,
and be just, fair
and open



Remain step by step,
progressive

Remain coordinated,
synergetic,
and ensure wide
participation

Aims and Tasks



- Establish data report system, registration system and trading system
- Enhance capacity-building
- Establish management system

- Carry out simulated quota trading of the power generation industry
- Strengthen market risk management
- Improve market management system and support system

- Conduct spot trading of quota among trading parties of the power generation industry
- Expand market coverage and enrich trading varieties and ways
- Seek for an earlier integration into CCER

Market Elements

■ Trading parties

- Trading parties are key emission units in the power generation industry in the initial period, and the scope will be enlarged when conditions permit

■ Trading products

- Spot quota in the initial period
- CCER and other trading products will be added when conditions permit

■ Trading platform

- National unified, interconnected and strictly monitoring trading system

Participants

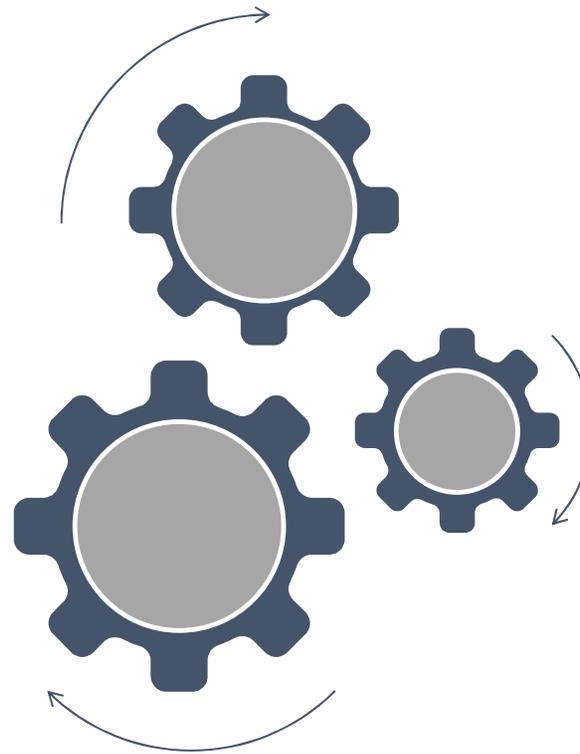


- **Key emission units (initial period: power generation industry)**
 - Enterprises or other economic organizations of the power generation industry with the annual emission reaching or exceeding 26,000 tons of carbon dioxide equivalent (integrated energy consumption: about 10,000 tons of standard coal)
 - Captive power plants of other industries with the annual emission reaching or exceeding 26,000 tons of carbon dioxide equivalent are managed and treated as key emission units of the power generation industry
 - Gradually enlarge the scope of key emission units
- **Supervisory authorities (level-to-level supervision)**
 - National competent authorities
 - Local competent authorities
- **Verification units**
 - Qualified verification units will verify data related to carbon emission upon entrustment according to relevant rules and specifications for verification, issue independent verification report, and ensure the verification is authentic and credible

Institutional Improvement

MRV system for carbon emission

Quota management system for key emission units



Market trading-related systems

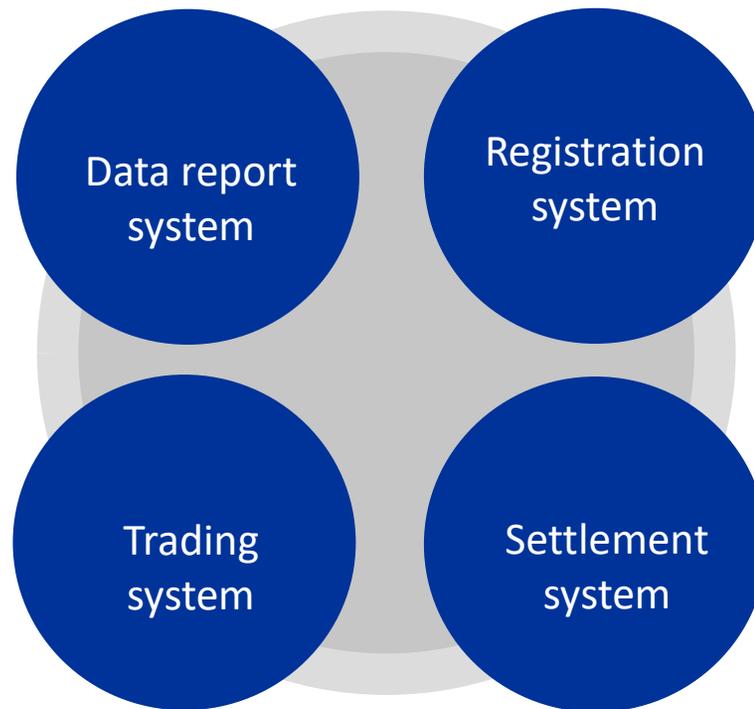
Quota Management of the Power Generation Industry

- Quota of the power generation industry is allocated as per quota allocation standards and methods
- Key emission units of the power generation industry submit quota equivalent to emission load to provincial competent authorities each year, sell the surplus quota to the market, and buy insufficient part via the market.

Pilot Transition

- Key emission units in the pilot areas will be gradually integrated into the national carbon market for unified management
- Pilot areas continue to play their existing roles, and gradually transit to the national carbon market when conditions permit

Support Systems



Priorities of Developing the National Carbon Market

Institutional system improvement

- Promote legislation
- Study on supporting rules

Infrastructure construction

- Advance the development of the registration system and trading system
- Facilitate the development of system administrations

Carbon emission data reporting and verification

- Push forward the reporting and verification of historical carbon emission data and the formulation of monitoring plan
- Organize the reporting of the name list and relevant documents of key emission units of the power generation industry

Capacity-building

- Develop training work plan
- Organize and provide training

Work Progress



中华人民共和国生态环境部
Ministry of Ecology and Environment of the People's Republic of China

热词：一带一路 打好污染防治攻坚战 强化监管 高级检索

组织机构 环境质量 污染防治 生态保护 核与辐射 信息公开 互动交流 办事服务 党风廉政

首页 > 法规与标准司 > 依法行政与法治政府建设

关于公开征求《碳排放权交易管理暂行条例（征求意见稿）》意见的通知

2019-04-03

为落实党中央、国务院重大决策部署，利用市场机制控制温室气体排放、推动绿色低碳发展，我部起草了《碳排放权交易管理暂行条例（征求意见稿）》（见附件1）。现公开征求意见（征求意见稿可登录我部网站（<http://www.mee.gov.cn/>）“意见征集”栏目检索查阅）。

各机关团体、企事业单位和个人均可参照反馈意见建议格式（见附件2）提出意见和建议。有关意见请书面反馈我部（电子文档请同时发至邮箱）。征求意见截止时间为2019年5月2日。

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中华人民共和国生态环境部办公厅

环办气候函〔2019〕71号

关于做好2018年度碳排放报告与核查及排放监测计划制定工作的通知

各省、自治区、直辖市、计划单列市、新疆生产建设兵团生态环境（环境保护）厅（局）：

根据《“十三五”控制温室气体排放工作方案》和《碳排放权交易管理暂行办法》的有关要求，为扎实做好全国碳排放权交易市场建设相关工作，完善配额分配方法，夯实数据基础，确保数据质量，我部将组织开展2018年度碳排放数据报告与核查及排放监测计划制定工作，现将有关事项通知如下。

一、工作范围

2018年度碳排放报告与核查及排放监测计划制定有关工作的范围涵盖石化、化工、建材、钢铁、有色、造纸、电力、航空等重点排放行业（具体行业子类详见附件1）中，2013至2018年任一年温室气体排放量达2.6万吨二氧化碳当量（综合能源消费量约1万吨标准煤）及以上的企业或者其他经济组织。

温室气体排放符合上述条件的自备电厂（不限于以上行业），视同电力行业企业纳入工作范围。

中华人民共和国生态环境部办公厅

环办气候函〔2019〕528号

关于做好全国碳排放权交易市场发电行业重点排放单位名单和相关材料报送工作的通知

各省、自治区、直辖市生态环境厅（局），新疆生产建设兵团生态环境局：

根据《中华人民共和国国民经济和社会发展第十三个五年规划纲要》和《生态文明体制改革总体方案》，为落实《全国碳排放权交易市场建设方案（发电行业）》有关要求，确定全国碳排放权交易市场发电行业重点排放单位名单，做好配额分配、系统开户和市场测试运行的准备工作，现组织开展全国碳排放权交易市场发电行业重点排放单位（以下简称发电行业重点排放单位）名单和相关材料报送工作。有关事项通知如下。

一、报送本地区发电行业重点排放单位名单

此次发电行业重点排放单位报送范围为发电行业2013至2018年任一年温室气体排放量达到2.6万吨二氧化碳当量（综合能源消费量约1万吨标准煤）及以上的企业或者其他经济组织，对应的国民经济行业分类代码（GB/T4754—2017）包括

Next Steps

- Continuously promote the release of the *Rules*
- Summarize and analyze historical carbon emission data
- Identify the name list of key emission units of the power generation industry
- Identify the quota allocation scheme of the power generation industry, and organize trial quota allocation
- Speed up the development of the registration system and trading system, and conduct market trial run
- Promote the development of the voluntary emission reduction trading system
- Continuously enhance capacity-building