

# Guangdong ETS

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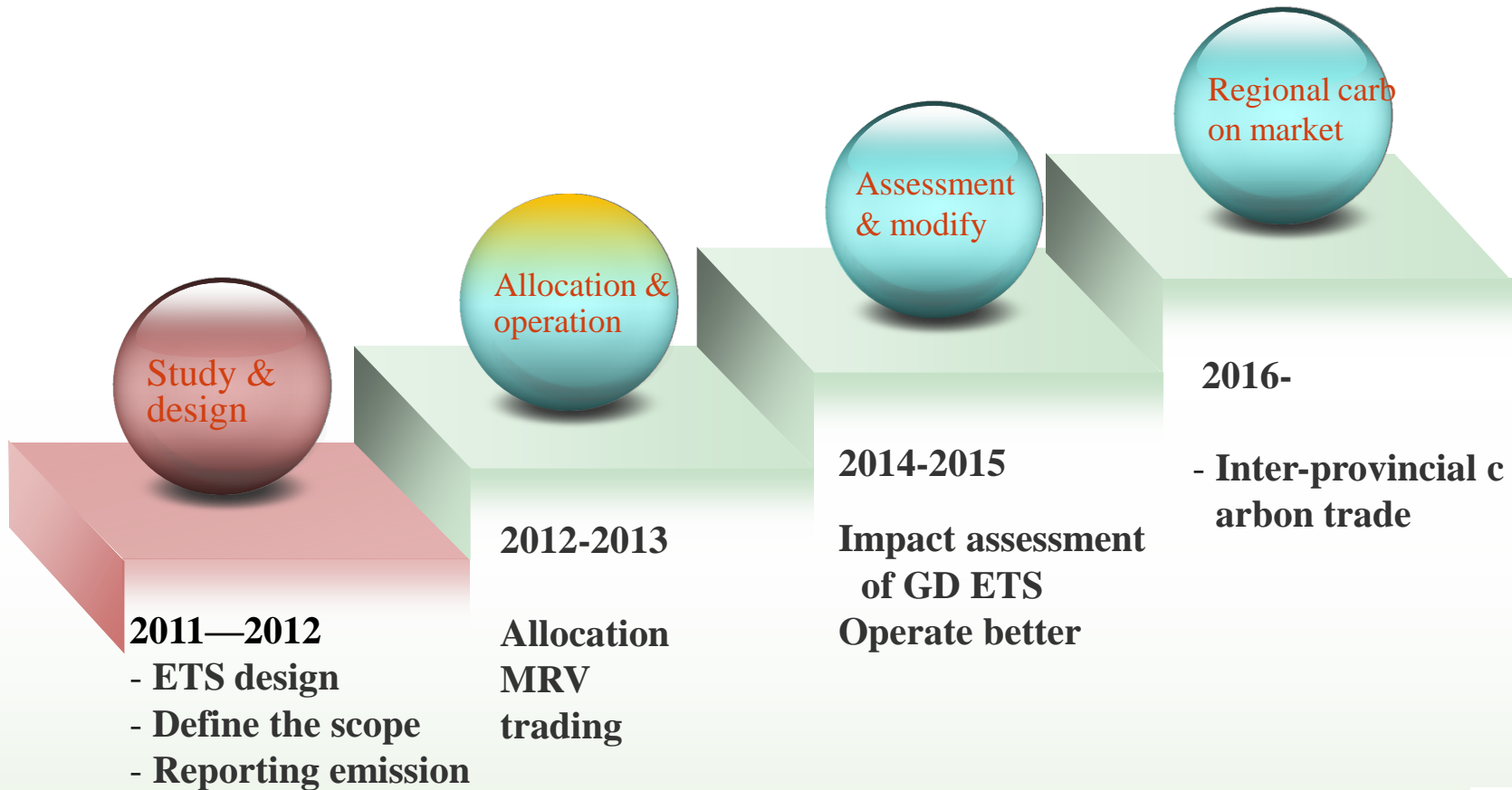
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GD-ETS target: up to 2015, GD-ETS can be on operation and try to form a regional carbon market with other province.



# 1-2 Set up a multi-level leadership



Provincial leading group on climate change

Zhu XiaoDan, Governor of Guangdong Province

- Overall guide the climate change on Guangdong Province

Holding the joint conference on national low carbon pilot work

Xu Shaohua, Vice Governor of Guangdong Province

- Review the main work on low carbon pilot, and promote it.

Leading group on GD ETS pilot

Li Chunhong, Director of GD DRC

- Combined 12 departments, to coordinate GD ETS pilot work

## ( 1 ) Research and design group

To study and design for carbon market

Involve institutes, colleges, third-part organizations and exchange

Including coordinating team, allowance team, MRV team and trading team.

## ( 2 ) Working group

Ten persons from the above group working together in the GD DRC office

Help the GD DRC to review files and make the rules on GD ETS

To promote and implement the carbon trading market construction





Phase 1	Phase 2	Phase 3
Investigate and mechanism design	Complete the history carbon emission reports on four sectors	GD ETS will operate normally
GD ETS Work plan was public.	Regulation on GD ETS	History carbon emission reports on more sectors
The ceremony on GD ETS pilot was launched.	Detailed rules and technical files	Evaluation on GD ETS
Guangzhou carbon emissions exchange was set up.	Allowance allocation method	
	Build three electric systems	

2012.09

2013.11

# 1-5 Key events

Time	Key events
2011.10	Guangdong province was chose as the ETS pilot
2012.3~5	Investigate the ETS experience from EU. U.S.A. , Australian and so on
2012.6	Set up four research and design groups
2012.8	Exchanging the experience with other ETS pilot in Zhuhai City
2012.9	GD ETS Work plan was public.
	The ceremony on GD ETS pilot was launched.
	Guangzhou carbon emissions exchange was set up.
2012.11	Pre allowance were subscribed by the new cement plant
	The guidelines on carbon emission report in Guangdong province were reviewed by experts.
2013.2	The mobilization and training meeting on Guangdong provincial carbon emission report of key enterprises was held.
2013.3	The electric system on Guangdong provincial carbon emission report was on operation
2013.7	The regulation on GD ETS was public for comment
	Complete the history carbon emission reports on four sectors

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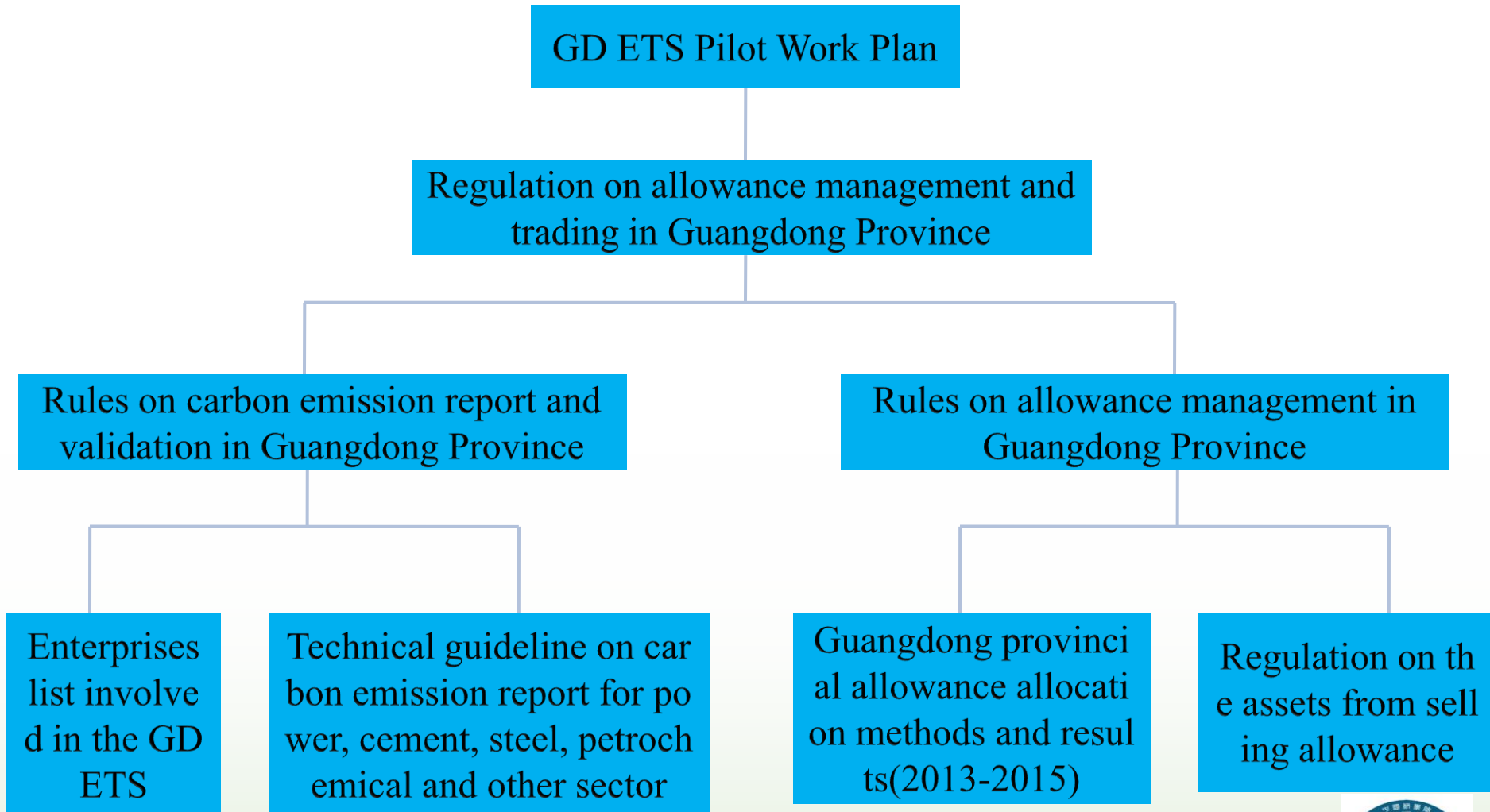
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## 2-2 Scope

Sector		Enterprises complied in ETS		Enterprises reporting carbon emission for ETS	
First phase	Power	Up to 20000 CO <sub>2</sub> per year	71	From 10000 to 20000 CO <sub>2</sub> per year	0
	Cement		84		21
	Steel		65		10
	Petrochemical		9		1
	<b>total</b>	<b>229</b>	<b>32</b>		
Next phase	Ceramics, textile, nonferrous metal, plastic, paper	Up to 20000 CO <sub>2</sub> per year	From 10000 to 20000 CO <sub>2</sub> per year		
	transportation	to be confirmed		to be confirmed	
	building	to be confirmed		to be confirmed	



New en  
trants

up to 20000 CO<sub>2</sub> per year in  
these sectors



Quit ent  
erprises

Annual carbon emission below  
20000 CO<sub>2</sub> in the period

If it quit, the rest allowance  
should be recycle.

## 2-4 The Cap

GD carbon emission Target: to reduce 19.5% based on 2010 emission level,  
Sector policy and sector development planning.

The cap for power, cement, steel and petrochemical sector

The total allowance for existing enterprises and new entrants in every sector

The allowance for every enterprises from 2013 to 2015

## 2-5 General principle



The CAP setting complies with the characteristics of GD province developmental stages; under the constraint of current emission from existing enterprises, the designers shall reserve space for new entrants, optimize emission space and promote the development of low carbon.



The allowance allocation scheme guarantees that the existing enterprise carbon emission decreases year by year, the carbon emission growth of new entrants is under control, and the key enterprises play an important role in slowing down GD total carbon emission growth.



The allowance allocation oriented enterprises promote energy conservation and carbon emission reduction, close down the out-of-time production facilities, control the carbon emission from new projects, and facilitate the sector structure adjustment.



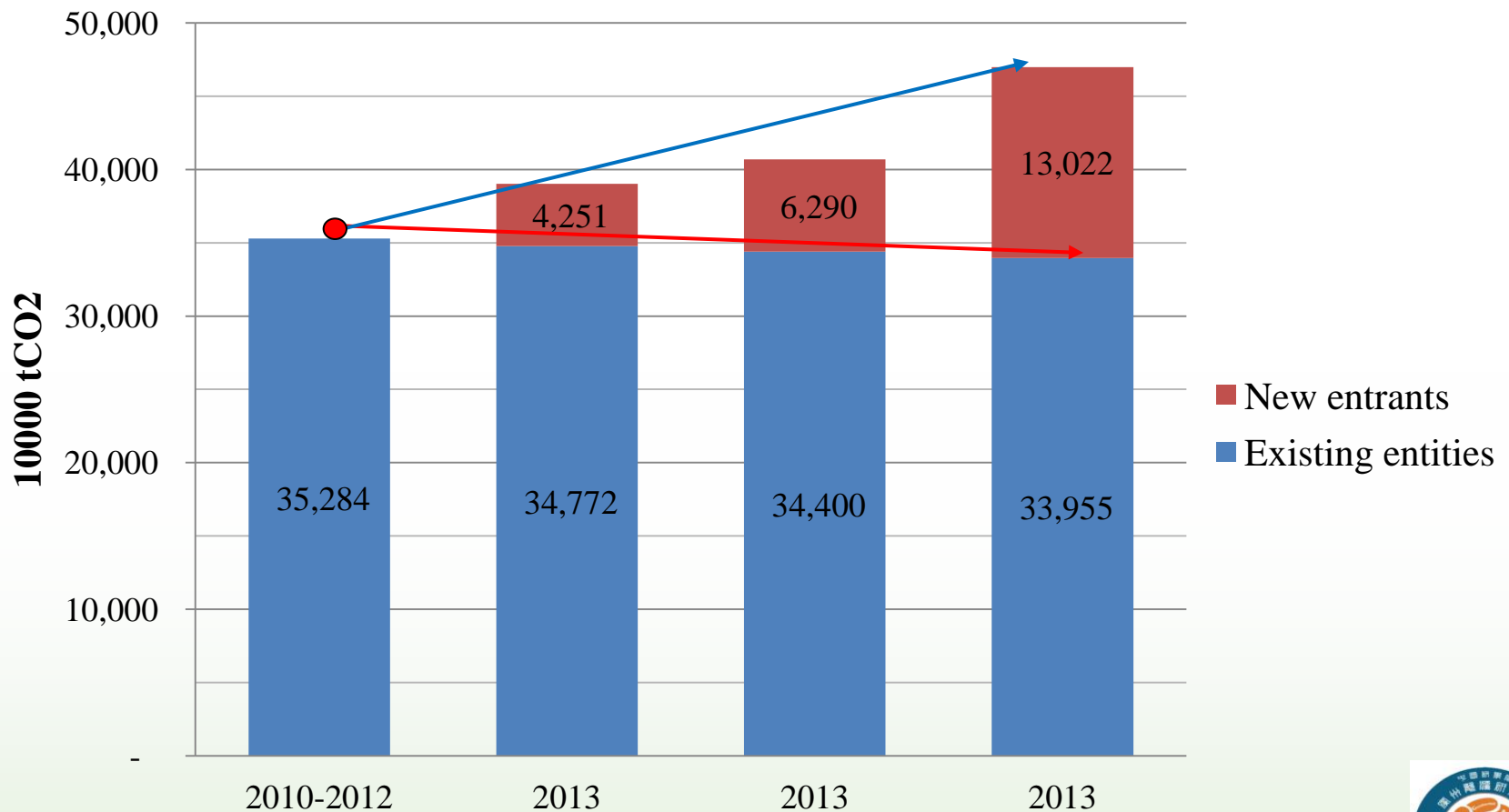
Allowance subscription market and allowance trading market depend on and influence each other, government guide and market conduct coordinate with each other, explore GD province local carbon trading mechanism, and activate carbon trading market.



## 2-6 The total allowance



Constraint the current emission, reserve space for new entrants



**Different sectors/process abide by different rules of allocation**

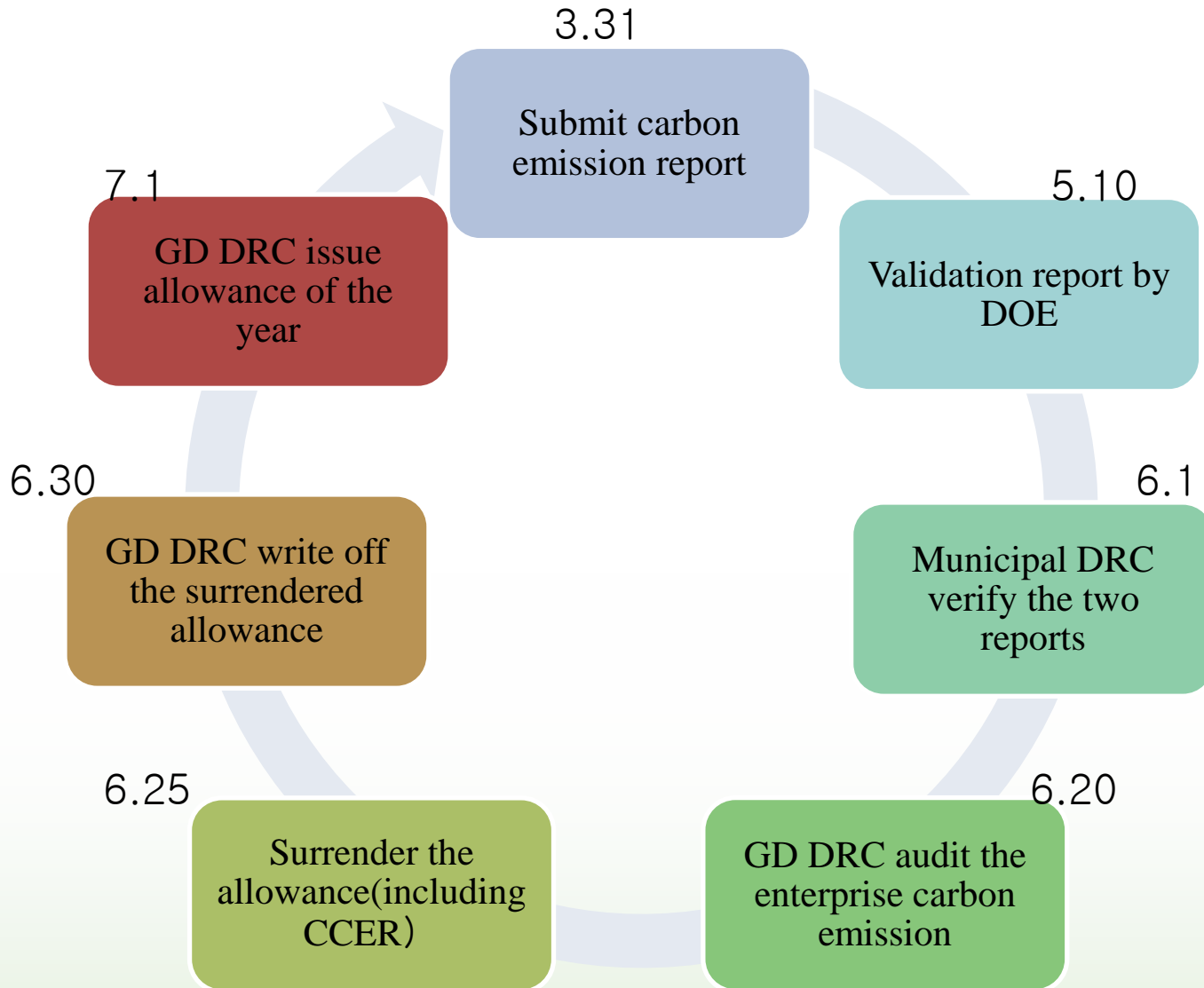
Sector		Benchmark	Grandfather
Power	Pure electricity	●	
	Cogeneration		●
Cement	Clinker	●	
	Grinding	●	
Steel	Long process	●	
	Short process		●
	Other		●
Petrochemical			●

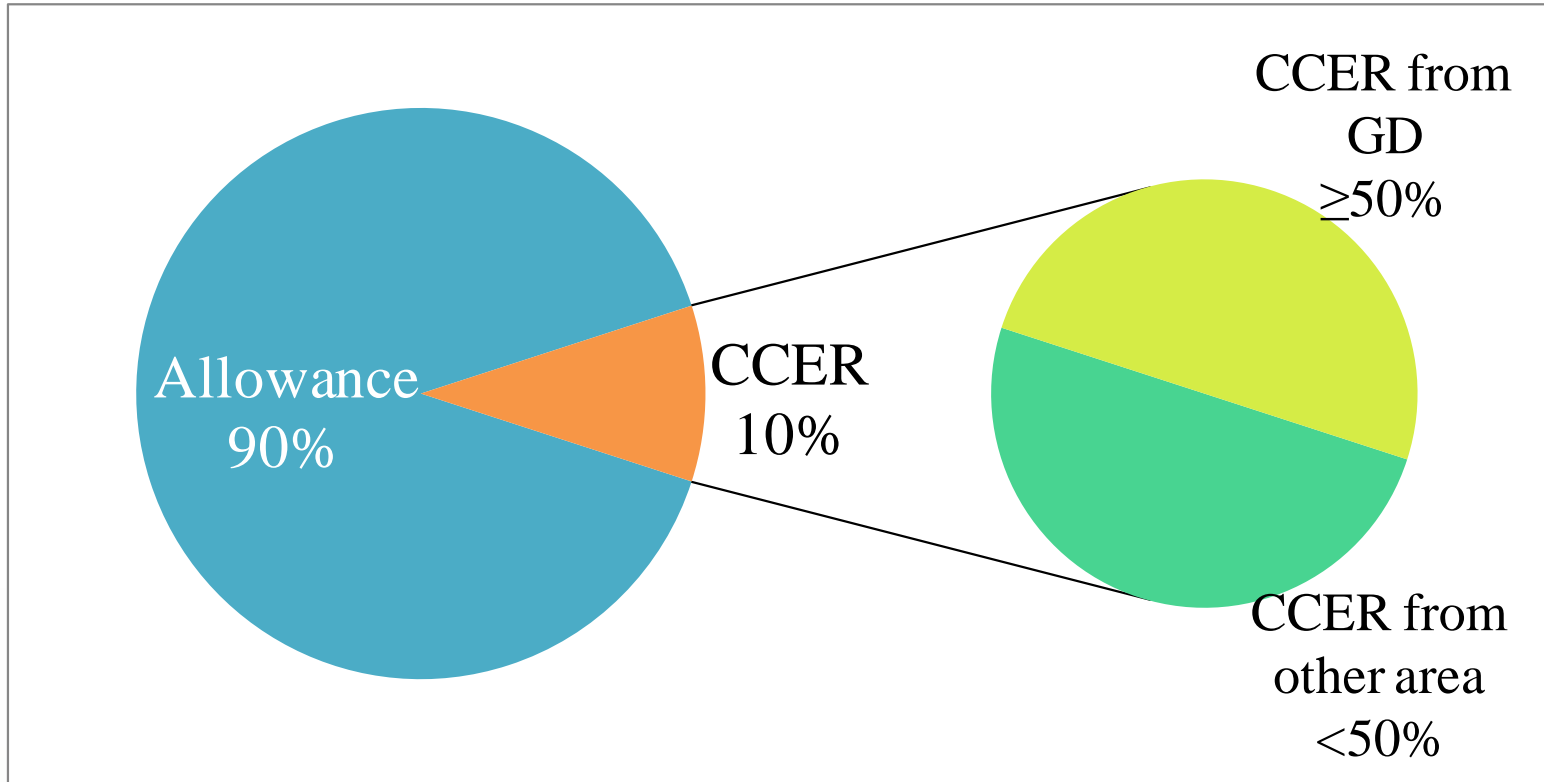
Benchmark: allowance=historical activity level × benchmark

Grandfather: allowance=historical emission × correction factor



# 2-8 Compliance cycle





The entities is allowed to use some CCER to offset their emission.

The limitation of offset coming into the GD ETS should lower than 10% of the total allowances

Up to now, the electronic system of carbon emission is set up in Guangdong; The main enterprises in the four sectors have reported their emission of the past three years.

As the time is urgent, it's a carbon emission inventory . More collect, less validation.

Next step, The monitoring plan must be submitted, and the actual emission of the year will be validated strictly.



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## The common problems the seven pilots faced

- Inadequate legitimate base
- Statistics and accounting system of national and local greenhouse gas emission has not been developed
- The data quality of enterprise carbon emission is poor
- Awareness and capacity of carbon emission management and trading is insufficient

## The challenge GD pilot faced

- Under the overall management of the provincial government, municipal governments play their role in GD ETS.
- The unbalanced development of districts
- The carbon emission is large in amount, involves diverse industries and complicated circumstances

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- Call for a series of panel meetings among experts, enterprises, and relevant sectors; broadly listen to suggestions and advices from diverse parties.
- Report to NDRC climate division
- Call for joint conference to discuss and examine the related matters of authorized carbon emission management and trading, and make provincial decision
- Organize enterprise training and online simulation trading
- Launch authorized carbon emission trading market
- Organize and deploy the carbon emission inventory of the other sectors

# THANK YOU

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