Shanghai ETS: Prospect, Action and Challenge

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Outline

1 Introduction of SEEE

2 / Current state of SH ETS

Future roadmap



Introduction of SEEE

Establishment of SEEE

Approved by Shanghai Municipal Government [2008] NO.55, SEEE was established on August 5, 2008.

Reform of SEEE

- SEEE has completed reform in the year of 2011.
- SEEE has become Co. Ltd. After equity structural reform.
- Total capital registered has reached 250 million RMB.



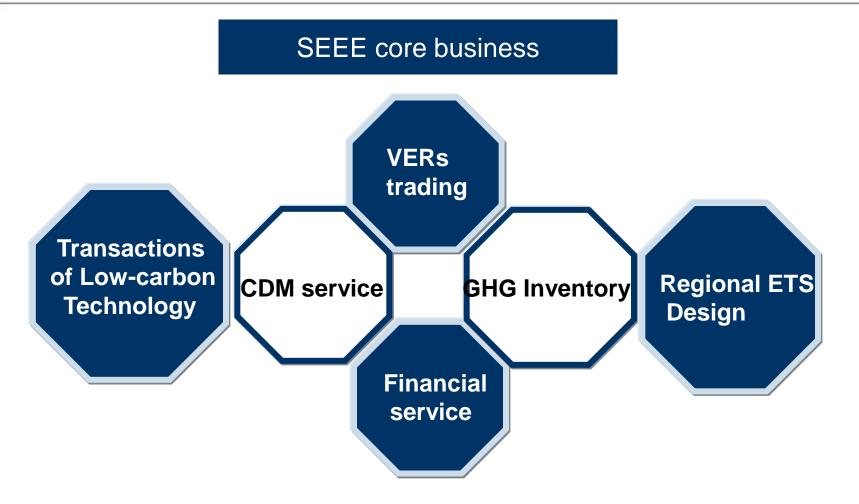
Structure of Shareholders

- Introduced 10 state-owned enterprises and institutions as shareholders. They will also be great stakeholders in ETS.
 - CDM Fund Centre of National Finance Ministry
 - Yingda International Holdings Corporation, Ltd (State Grid Corporation of China)
 - Shanghai United Assets and Equity Exchange

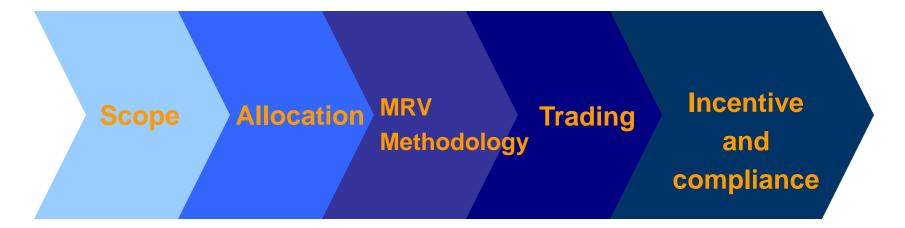
- Bao Steel Ltd
- Huaneng Carbon Asset Mangement Co., Ltd (China Huaneng Group)
- Shenergy Group
- Shanghai Energy Conservation and Environment Protection Center
- Shanghai Alliance Investment Ltd
- Shanghai Municipal Electric Power Company



Core business







Risk control and regulation



Shanghai ETS pilot

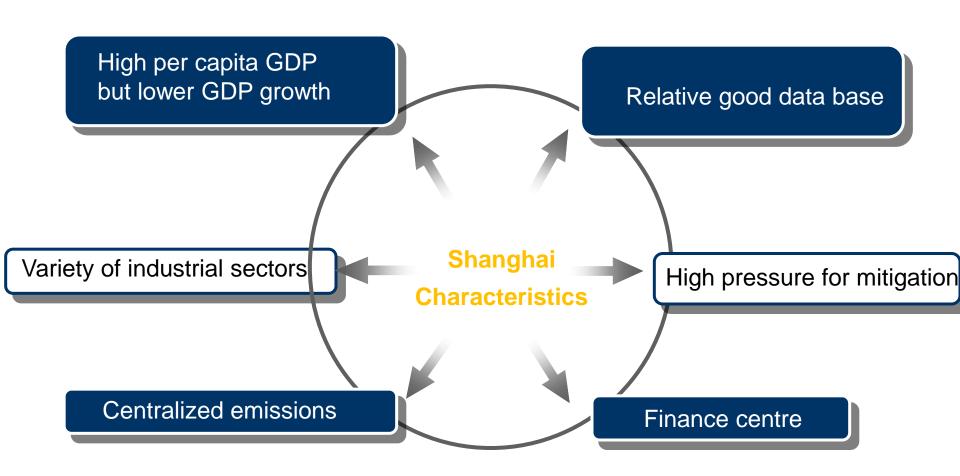
- Shanghai was designated as one of the seven ETS pilots by NDRC, 2011.
- Shanghai ETS will have a target based on carbon intensity target in 12th five-year-plan, potential GDP growth and individual sector development.
- Shanghai DRC is responsible for the whole ETS pilot design project.
- Shanghai municipal government will sign the approval of SH ETS pilot proposal action.

3 Steps

- Phase I: 2012-2013 Preparation;
- Phase II: 2013-2015 Pilot operation;
- Phase III: 13th Five-Year–Plan National ETS.



Shanghai Situation





Coverage

Standard

- Industry: > 20 thousand CO₂teq, from high emission intensity sectors
- Non-industry: > 10 thousand CO₂teq

Scale + Intensity

Target enterprises

Over 10 sectors, 197 enterprises.

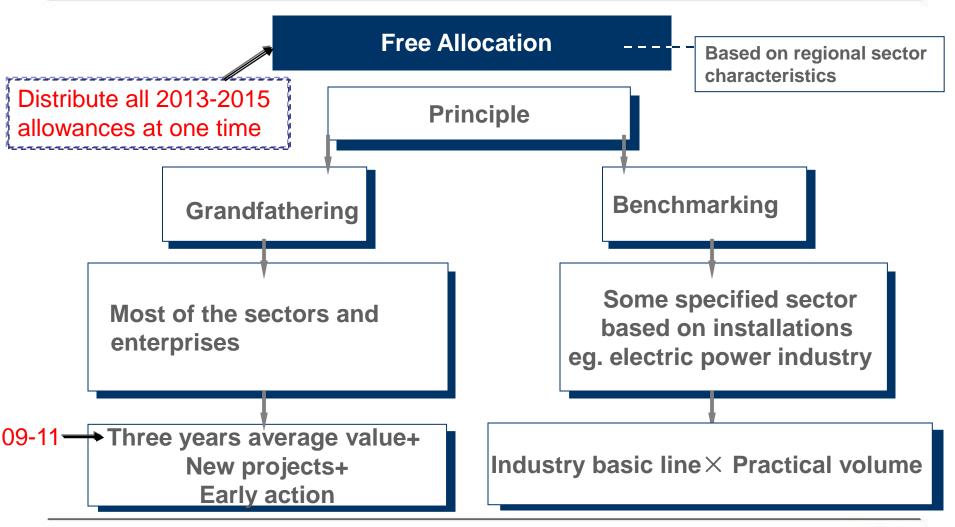
New entrants not included.

Part industrial companies.

Mandatory reporting system



Allocation





Monitoring, Reporting, and Verification (MRV)

- <u>1+9</u>
- General Guidelines
- Sectional Methodologies

Industry

- Non-ferrous metals
- Chemicals
- Steel
- Electricity and power
- Textile
- Paper industry

Non-industry

- Transportation station
- Hotels, Commercial center, housing, office buildings
- Airlines



Monitoring, Reporting, and Verification (MRV)

Finished 2009-2012 data reporting

Establish 2013 monitoring plan

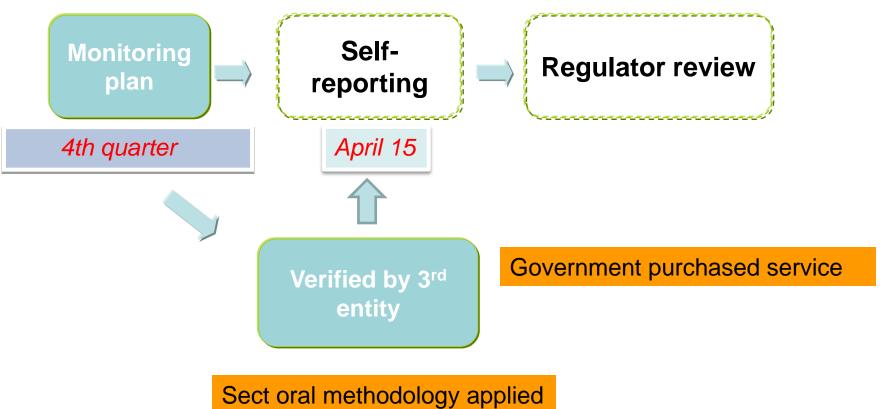






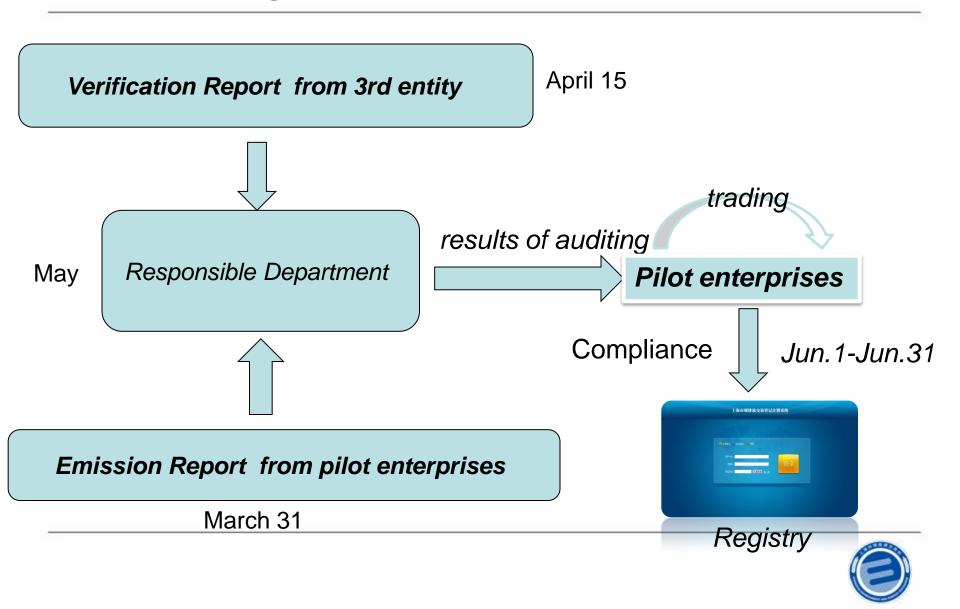
MRV procedures

Monitoring, reporting and verification

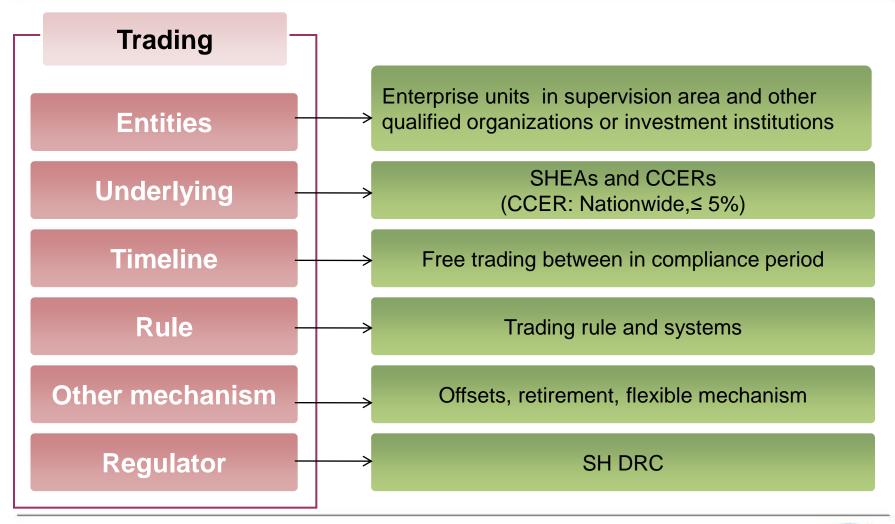




Emission Auditing



Trading



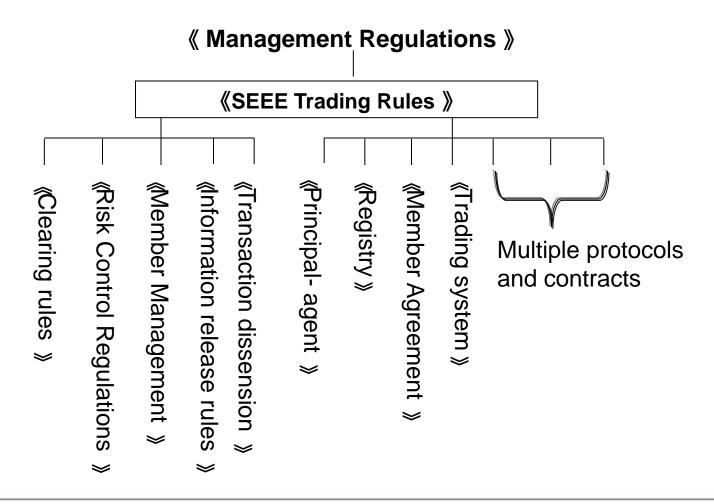


Trading

- Transaction platform: SEEE
- Main trading mode: Open outcry and Negotiated transition
 - Open outcry: small transaction
 - Negotiated transition: large order
- Transaction object :13、14、15 SHEAs+ CCERs



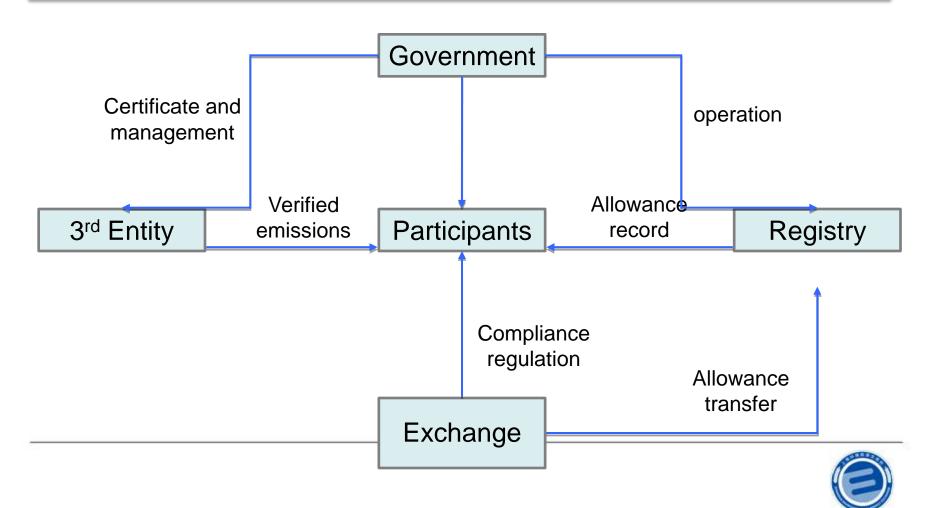
Trading rule structure





Regulation

Government- comprehensive regulation; Bureau – Specified regulation



Shanghai ETS pilot preparatory work

1	
7△	On July,2013, Shanghai ETS management regulations (draft) had been published
5^	On May 16, 2013, Shanghai DRC carried out the training on the monitoring plan reporting and the methods of emissions accounting and reporting in 2013 for covered enterprises.
4	On April 8, 2013, Shanghai DRC printed and issued the Major Work Arrangements for Energy Conservation and Emission Reduction and Addressing Climate Change in 2013.
2	On February 21, 2013, Shanghai DRC organized covered enterprises to fill in the 2012 emissions report.
2013	On December 21, 2012, Shanghai DRC released the Guidelines for Greenhouse Gas Emission Measurement and Reporting (for trial operation) and the methods of GHG emission measurement and reporting for related sectors.
12△	From December 12, 2012 to January 31, 2013, Shanghai DRC organized the verification of initial reporting of 2009~2011 emissions of covered enterprises.
- 	From November 16 to 21, 2012, Shanghai DRC organized covered enterprises to fill in initial emission report and carried out relevant training activities.
11 🛆	On November 29, 2012, the list of carbon emissions trading covered enterprises (first batch) was released.
	On October 15, 2012, Shanghai DRC carried out open bidding for the verification of covered enterprises' initial emissions reporting of 2009~2011.
10 △ 9 △	On October 9, 2012, bidding for the training providers for carbon emissions trading covered enterprises was launched.
8 🛆	On August 16, 2012, Shanghai Municipal People's Government convened the kick off meeting of carbon emissions trading pilot.
7 🛆	On July 3, 2012, Shanghai Municipal People's Government printed and issued the Implementation Opinions of Shanghai Municipal People's Government on Carrying out Carbon Emission Trading Pilot.



Carbon Finance

 Encourage financial institutions and guarantee agencies to supply mortgage financing and low-carbon finance service





Financial institutions in ETS

- Transaction
- Financing-investment
- Green credit
- Green financial derivatives



Future strategy





Thank you!

September 11st, 2013

