



Achievements and Planned Activities in Supporting a National ETS in China

8th Compliance Conference on EU ETS

Brussels

7 November 2017

Brief history of emission trading in China

- *Nov 2010: 12th Five-year plan (2011-15) requires development of ETS in China.*
- *Oct 2011: NDRC Notice on carbon emissions trading pilots.*
- *Nov 2011: State Council decision to gradually promote the establishment of a carbon emissions trading market.*
- *Jun 2013: Shenzhen launched first ETS pilot*
- *Nov 2013 – Jun 2014: other pilots launched*
- *Aug 2014: NDRC announced launch of National ETS in 2016.*
- *Dec 2014: high-level regulations on the national ETS*
- *Jan 2016: NDRC notice to all government agencies on preparation for CN ETS*

A nation-wide ETS in China

- *In September 2015, President XI officially announced start of a nation-wide cap-and-trade system in 2017*
- *Once fully operational, the CN ETS will cover at least 2 to 3 times more emissions than those addressed under the EU ETS*
- *Strong signal to other states, on the role of carbon pricing in general and emission trading in particular*

Implementation of CN ETS

- *Preparation phase 2014-15*
 - **Determining and issuing standards, GHG accounting methods**
 - **ETS features defined**
 - **Completing national registry**
- *Operational improvement phase 2016-20*
 - **2016-17: test run**
 - **2017-20: implementation, enhance market stability**
- *Stabilization and maturation phase – beyond 2020*
 - **Increase trading products, extend scope**
 - **Explore linking opportunities**

EU-China Bilateral Cooperation

- *Since 2010, preparatory meetings and discussions preceding further action*
- *Jan 2014 – Jan 2017 EU funded ETS capacity building project carried out*
- *€ 5 M EU funded project runs from 2014 – 2016*
 - **Capacity building and training**
 - **Extensive study tours to Europe**
 - **Focus shifted from pilots to national ETS**
- *Project successfully completed in Jan 2017*
 - **1500 trainees**
 - **Technical and political study tours**

Platform for Policy Dialogue and Cooperation

- *New project under FPI*
 - **Budget: 10 M €**
 - **Duration: 3 yrs, as from October 2017**
 - **Project among partners**
- *Objectives:*
 - **Enhance cooperation with China on climate change**
 - **Support to China in building up nation-wide emission trading**
- *Political and technical components*

Specific objectives

- *Establish and reinforce political dialogue between EU and CN to inform on developments relevant for emission trading and reinforce mutual understanding*
- *Increase effective emission trading capacity in CN by enabling Chinese participants in the project to work as emission trading trainer in China*
- *Establish critical mass of industry representatives able to handle day-to-day requirements of ETS through direct screen-based training*
- *Ensure level of flexibility to respond to additional and unforeseen training and CB requirements*

Component A

EU-China Platform for Policy Dialogue

Annual meeting

Alumni
network

Research

PSC

Train the
trainer

Component B

Computer
based
training

Component C

Unforeseen
training
requirements

Component D

Technical assessment and identification of training needs

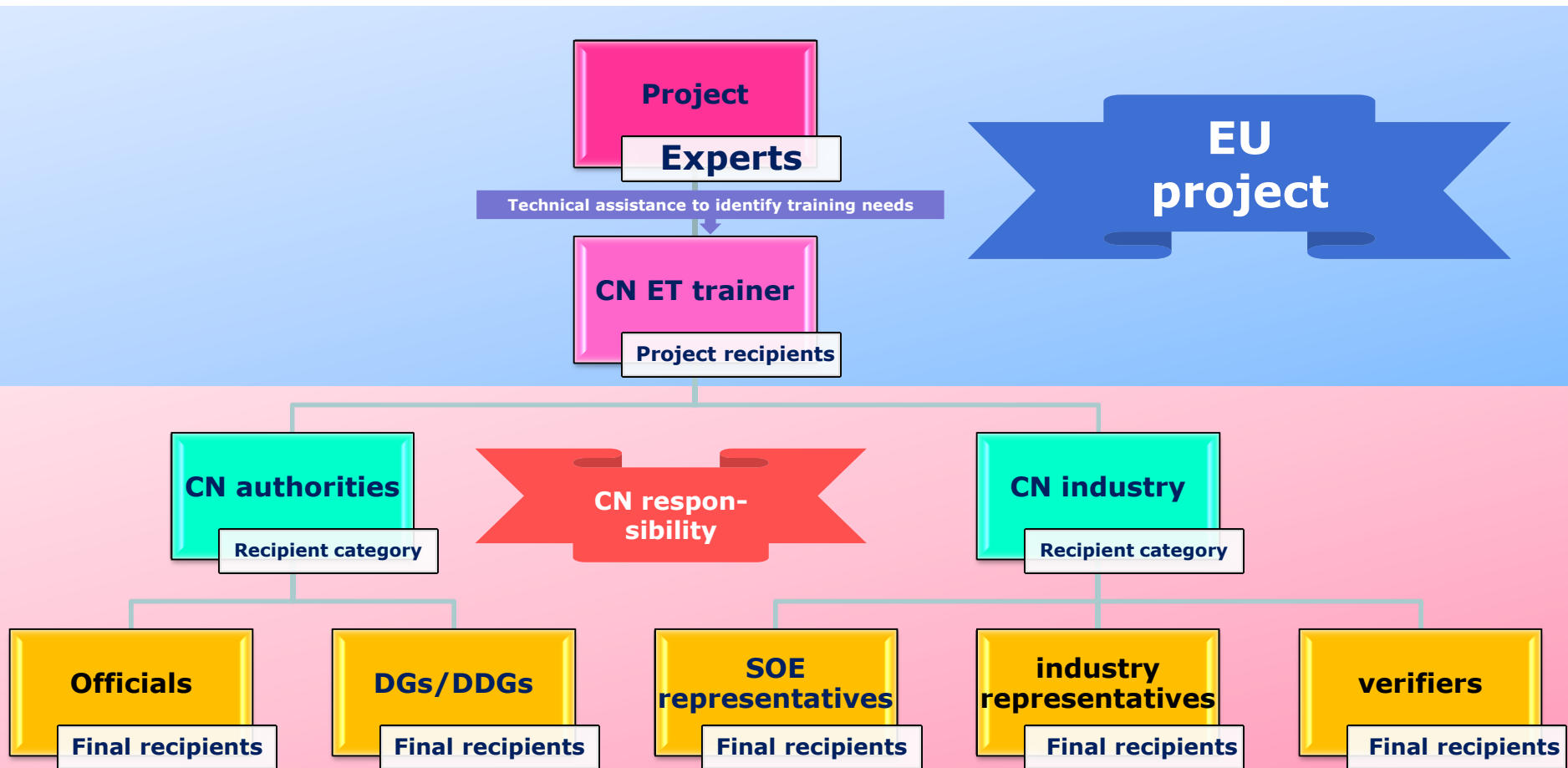
Component A: EU-China Platform for Policy Dialogue on Emission Trading

- *Annual meetings of ECPPD:*
 - **Serve as a basis for regular exchange of information on relevant topics**
 - **Provide high level coordination of activities carried out under the project**
 - **Realise synergies that accrue from ongoing activities designed to set up the CN ETS**
 - **Promote identification of solution of problems in the CN ETS**
- *Creation of Emission trading trainer network*
- *Joint Research of Chinese and European experts on issues related to the set up and operation of the CN ETS*

Component B: Continuation of Capacity Building

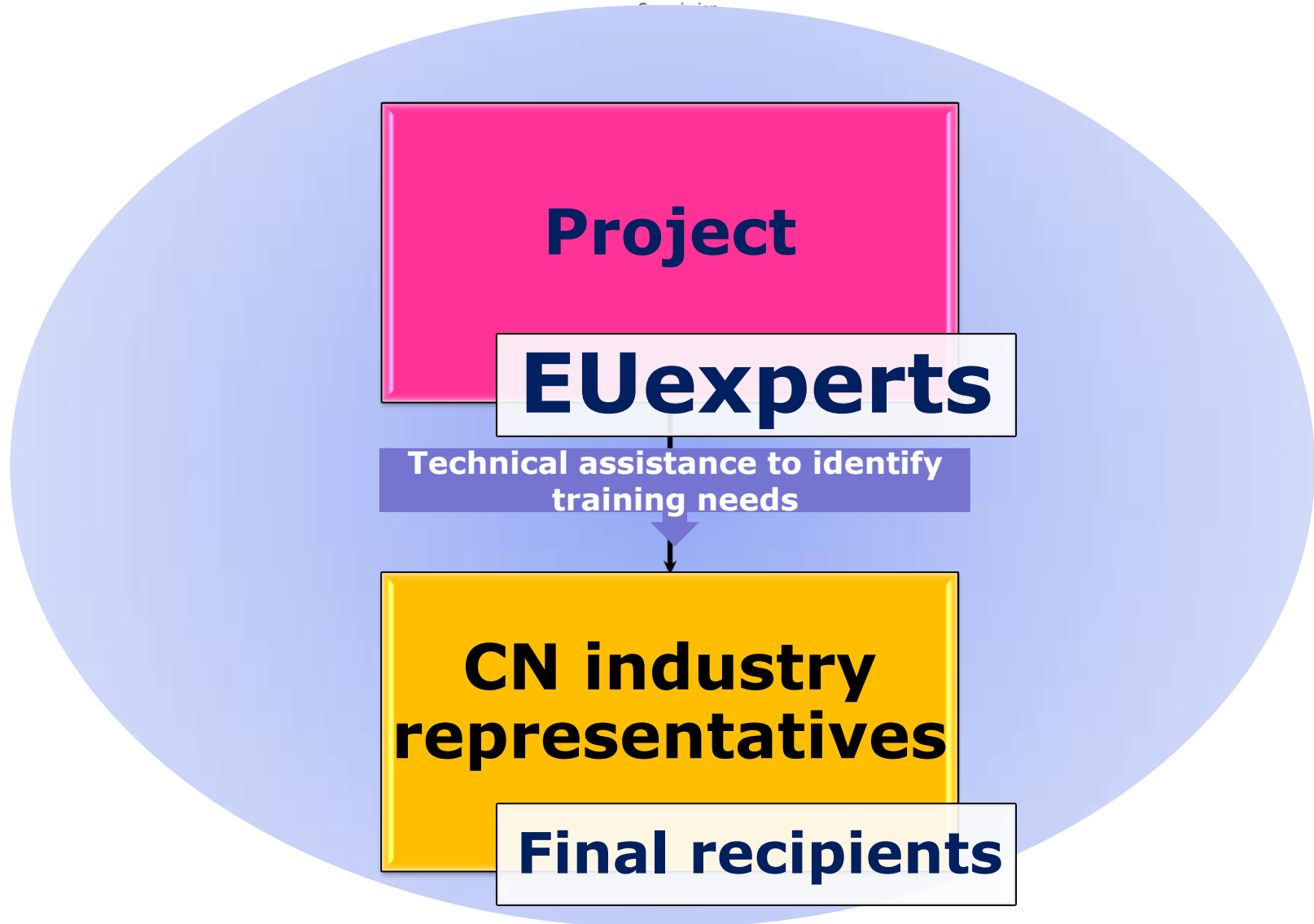
- *Objective: train a sufficient number of trainers to allow China to effectively proceed to CN ETS*
- *Approach: "train-the-trainer", "peer-to-peer"*
- *Trainer to train authorities and industry in core elements of emission trading*
- *Stocktaking of existing capacities in terms of ETT available including SETT*
- *Effective high quality courses*
 - **15 participants**
 - **Length adapted to CN circumstances, if possible between 10 and 15 days per course**

Schematic approach Component B



Component C: Capacity building by simulation

- *Targeted recipients: 5000 trainees from industrial sectors included in CN ETS*
- *Objective: familiarise a critical mass of industry representatives with practical, day-to-day implementation of emission trading*
- *Priority on topics with overall relevance such as*
 - **Communicating and dealing with registries**
 - **Trading**
- *If possible more sector-specific topics*
 - **Monitoring and reporting**
- *Implementation through 50 large-scale computer based classroom courses:*
 - **Two-day courses**
 - **100 participants each**



Component D: **specific training requirements**

- *To address unforeseen capacity building or training needs arising from actual developments in the Chinese emission trading sector*
- *No allocation of extra budget, but resources to come from Comp A, B or C following the assessment of actual needs prior to determining the annual work plans*
- *PSC/NDRC to request activities under Comp D to be elaborated by contractor*
- *Contractor to deliver activities*
- *Activities to be reflected in annual work programme*

Project

EU experts

Technical assistance to identify
training needs

CN authorities,
industry
representatives &
verifiers

Final recipients

State of play

- *September 2017: contract signature*
- *11/12 October: kick off meeting*
 - **Definition of next steps**
 - **Immediate implementation of certain tasks**
 - Much preparatory work already done
 - **AWP to start in Jan 2018 (PSC meeting Dec 2017)**
- *Political dialogue to start in Feb 2018*
- *Preparation of joint research for start in Dec 2017, if possible*
- *So far, good and promising start of the project*

**Thank you
for your attention!**