

Welcome to EDF China Carbon Pricing Newsletter

Dear friends and colleagues,

As China hosts a series of nation-wide activities to boost low carbon development during the past two months, we saw the country has been continuing the work of National ETS. In this newsletter, we will update you with the latest progress of China's National ETS, pilots markets as well as the efforts EDF have made to promote the low carbon transition of power sector in the 14th Five-Year-Plan.

✓ Policy Updates

○ National ETS

- **National low-carbon day.** China's annual National Energy Efficiency Promotion Week run from June 29th to July 5th, with July 2nd set as National Low-Carbon Day, which has seen a series of on-line campaigns to promote the low-carbon way of life, while initiated the first-ever largest global "call on paper" to address challenges in climate investment and finance. National Energy Efficiency Promotion Week has been an annual event since 1991, and the National Low-carbon Day was first observed in 2013.
- **ETS supervision and management.** The General Office of the State Council issued the reform plan for the division of central and local fiscal powers and expenditure responsibilities, clarifying that the "uniform supervision and management of carbon emission trading" should fall within the authority of the central government, and the central government should bear its expenditure responsibility.
- **Coal consumption.** The National Energy Administration issued the "Directives on Energy Related Works in 2020", which states that "the total energy consumption of the country shall not exceed 5 billion tons of standard coal. The proportion of coal consumption drop to about 57.5%" as the expected goal for energy consumption in 2020.

○ Pilots

Shanghai:

- **Covered Entities and Allowance Allocation.** "List of Entities under Shanghai Carbon Emission Allowance Management (2019 Version)" and "Shanghai 2019 Carbon Emission Allowance Allocation Plan" have been

issued with a total of 313 entities on the list, while 33 of them were newly added. And the total amount of the allowance will be 1,580 million t CO₂e.

- **MRV.** Shanghai Ecology and Environment Bureau released the notice on implementing the work on promoting covered entities to compile and submit the 2019 Annual Carbon Emission Report and 2020 Annual Carbon Emission Monitoring Plan, the deadline is set on July 31st, 2020.

Guangdong:

- **Emission Reduction Credits.** In order to standardize the Guangdong Province PHCER trading, maintain the order of the PHCER trading market, the Guangdong Province PHCER Trading Rules has been revised and issued on June 10th.
- **Local Greenhouse Gas Inventory.** “Guidelines for the Compilation of Greenhouse Gas Inventories in Guangdong Province (Counties) (Trial)” has been issued by Department of Ecology and Environment of Guangdong, notifying that the related working mechanism will be developed at the municipal and county level, enhancing relevant research and oversight as well as organizing capacity building activities.
- **Initiative on “Auction”.** Guangzhou Carbon Emission Trading Center (hereinafter as the “Center”) has released the announcement on rolling out a new method on allowance transaction. Covered entities could entrust the Center to organize auction on their planned sale of allowance, the amount, the reserve price, transaction rules and time and other specific matters shall be determined through consultation between the covered entity and the Center.

✓ Research & Webinars:

- **EDF published the “Study on the low-carbon development indicator system for China's Power sector — China's power industry emission reduction report 2019”**
 - **Background:** Since 2008, EDF and the China Electricity Council (hereinafter as CEC) publish a report targeting every year, on that year's key environment and climate change issue of power sector. In June 2020, the 13th report, "Study on the low-carbon development indicator system for China's Power sector — China's power industry emission reduction report 2019" (hereinafter referred to as "Report") was published.
 - **About the Report:** EDF and CEC developed indicators and proposed policy recommendations to guide power sector's low-carbon development in a publication for the 14th Five-Year-Plan (FYP). Proposed pathways include a fully operational national ETS, an ambitious CO₂ reduction intensity target, and significantly increased non-fossil power generation.
 - **Online-Release:** The webinar invited experts and key stakeholders from ETS and power sector to make an in-depth discussion on the report and the construction of National ETS, including:

- [Mr. He Jiankun](#), Academician Director of the Climate Change and Sustainable Development Institute of Tsinghua University, Deputy Director of the National Climate Change Expert Committee;
- [Mr. Wang Jinnan](#), Dean of the Environmental Planning Department of the Ministry of Ecology and Environment, Academician of the Chinese Academy of Engineering;
- [Mr. Wang Zhixuan](#), Vice Chairman of China Electricity Council
- [Mr. Zhang Xin](#), Chief Economist of the National Center for Climate Change Strategy and International Cooperation, Ministry of Ecology and Environment ;
- Representatives from China major power generation corporations.

[Download the Report Abstract \(EN\) HERE](#)

[FULL report in Chinese available in hard copy](#)

[About the Online-Release \(CN, link 1, link 2, link 3\)](#)

○ **Launch of 2020 China Carbon Pricing Survey (Ongoing)**

- **Background:** Since its inception in 2013, the China Carbon Pricing Survey has collected and collated the carbon market stakeholders' expectations of China's carbon price over the years and the demand for a national carbon emissions trading system, which has become an important factor in the future market operation and provide support for decision-making, policy design and implementation.
- **2020 China Carbon Pricing Survey:** 2020 China's carbon pricing survey has been launched in July. The survey is jointly conducted by the China Carbon Forum, ICF International Consulting Company and Sino Carbon Co., Ltd. EDF and the Norwegian Environmental Management Agency provide comments and technical support. EDF and the Energy Foundation (China) and the Norwegian Embassy in China provide financial support. We will conduct a detailed and professional analysis of the survey results and release the 2020 China Carbon Pricing Survey Report.

[Click here to JOIN the Survey](#)

○ **Webinar with GEIDCO**

- EDF organized a webinar with GEIDCO on how to link regional carbon market within an emerging interconnected global energy network. More than 20 industrial and ETS experts discussed the feasibility, benefits, and next steps to link China's power sector national ETS – once it is launched - with international carbon markets.

As always, please do not hesitate to let us know if you'd like to follow up on the above topic on China's ETS and anything else you want to know. We'd love to hear from you.

2020 is the final year of the “13th Five-Year Plan” and the foundation year of the “14th Five-Year Plan”. China’s Ministry of Ecology and Environment stated that a Nationwide ETS with complete institutions, active trading, strict supervision, and highly transparency will be built during the 14th Five-Year Plan period. EDF will continue to follow up the construction of China Nationwide ETS, bringing you first-hand news and insightful analysis. For more information or to get in touch with an EDF spokesperson, please contact EDF China at China@edf.org.

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