

# Chongqing ETS

### Coverage

<u>GHG:</u>	CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub>
<u>Scope:</u>	237 enterprises (2016)
<u>Sectors:</u>	Power, electrolytic aluminum, ferroalloys, calcium carbide, cement, caustic soda, iron and steel
<u>Threshold:</u>	Over 20,000t CO <sub>2</sub> /year

### Allowance Allocation

Free allocation based on historical emissions. A reduction factor might be applied if the total free allocation amount exceeds the cap.

The allocation can be adjusted based on actual production data.

### Market Stabilization Instruments

Trading can be temporarily suspended in order to stabilize the market in case of significant price fluctuations. Entities are not allowed to sell more than 50% of their free allocation.

### Compliance

Timeframe for compliance: Annual

Fine for Non-Compliance: There are no financial penalties but penalties may come in the form of media reporting and public exposure; disqualification from the energy saving and climate subsidies and associated awards for three years; and a record entered on the State Owned Enterprise (SOE) performance assessment system.

### 2020 Reduction Target

**19.5%**  
CO<sub>2</sub> intensity (vs. 2015)

### Emission Coverage

**>40%**  
of gross emissions

### Compliance Rate

**n.a.**

### Launch Date

**19 June  
2014**

### Offsets

Only China Certified Emission Reduction (CCER) credits are permitted with a limit 8% of annual allowances. Reductions have to be achieved after 2010 with the exception of carbon sink projects. Credits from hydro projects are not allowed.

