

Shanghai ETS

Coverage

<u>GHG:</u>	CO ₂
<u>Scope:</u>	298 enterprises (2017)
<u>Sectors:</u>	Airports, aviation, chemical fiber, chemicals, power and heat, water suppliers, hotels, iron and steel, petrochemicals, ports, shipping, non-ferrous metals, building materials, paper, railways, rubber, textiles and some service sectors
<u>Threshold:</u>	Over 10.000t CO ₂ /year for most sectors, 100.000 t for shipping and 20.000 t for new entrants in power and industry sectors

Allowance Allocation

Free allocation based on different methodologies for different industries. Sector-specific benchmarks are applied for power, heat and manufacturing; historic emissions intensity for industry, aviation, ports, shipping, and water suppliers while historic emissions are used for buildings, the commercial sector and for industrial companies with complex products or a considerable change in their emission boundary. The calculation is mostly based on 2014-2016 data.

Ex-post allocation adjustments are possible and a small share can be auctioned.

Market Stabilization Instruments

The local government is able to auction allowances and the Shanghai Environment and Energy Exchange can temporarily suspend trading or impose holding limits to stabilize the market.

2020 Reduction Target

20.5%

CO₂ intensity (vs. 2015)

Emission Coverage

>57%

of gross emissions

Compliance Rate

99.7%

(2016)

Launch Date

**26 November
2013**

Compliance

Timeframe for compliance: Annual

Fine for non-compliance: If a company fails to surrender enough allowances, fines ranging from CNY 50,000 to CNY 100,000 can be imposed. However, the company still has to surrender the adequate amount of allowances. Further sanctions may be imposed such as publication, an entry into the credit record or cancelation of access to special funds for energy conservation and emissions reduction measures.

Other fines: Failing to submit an emissions or verification report on time leads to a fine ranging from CNY 10,000 to CNY 50,000.

Offsets

Only Chinese project-based carbon offsets (CCERs) from before 2013 are allowed to offset up to 1% of emissions. Credits from hydro projects are not allowed.

