

Shanghai ETS: Prospect, Action and Challenge

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Outline

1

Introduction of SEEE

2

Current state of SH ETS

3

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.



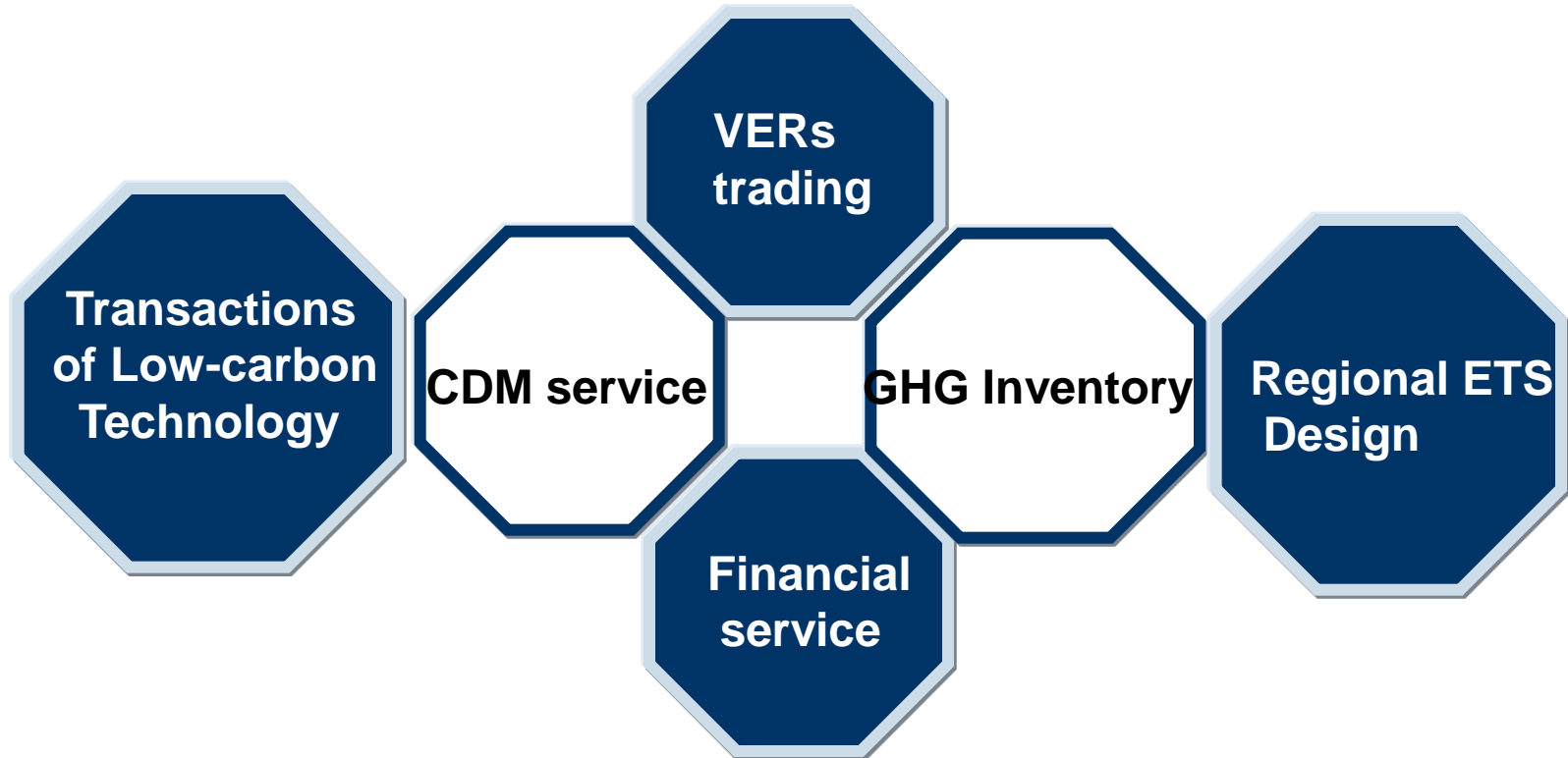
Structure of Shareholders

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

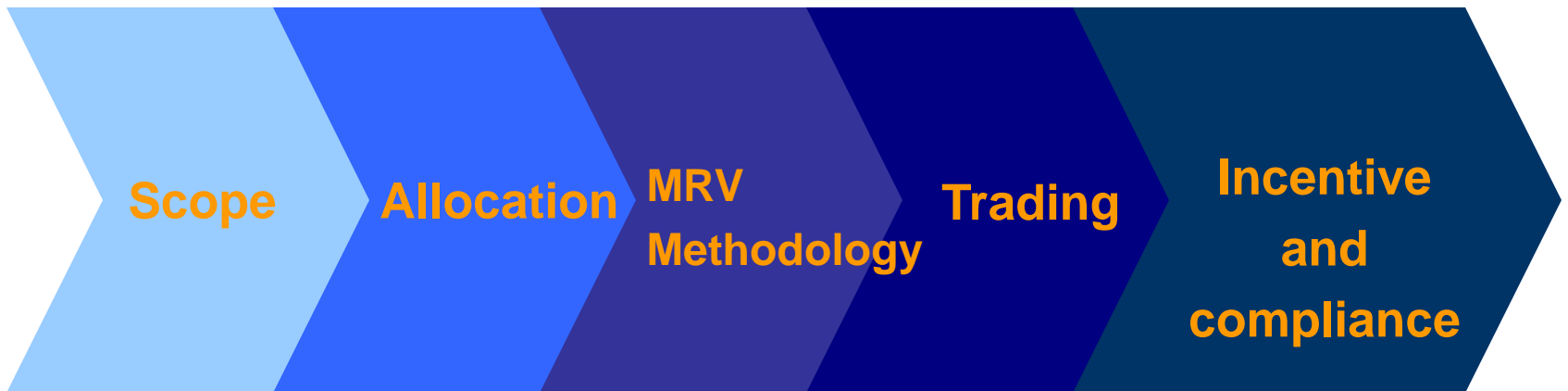


Core business

SEEE core business



ETS Elements



Risk control and regulation

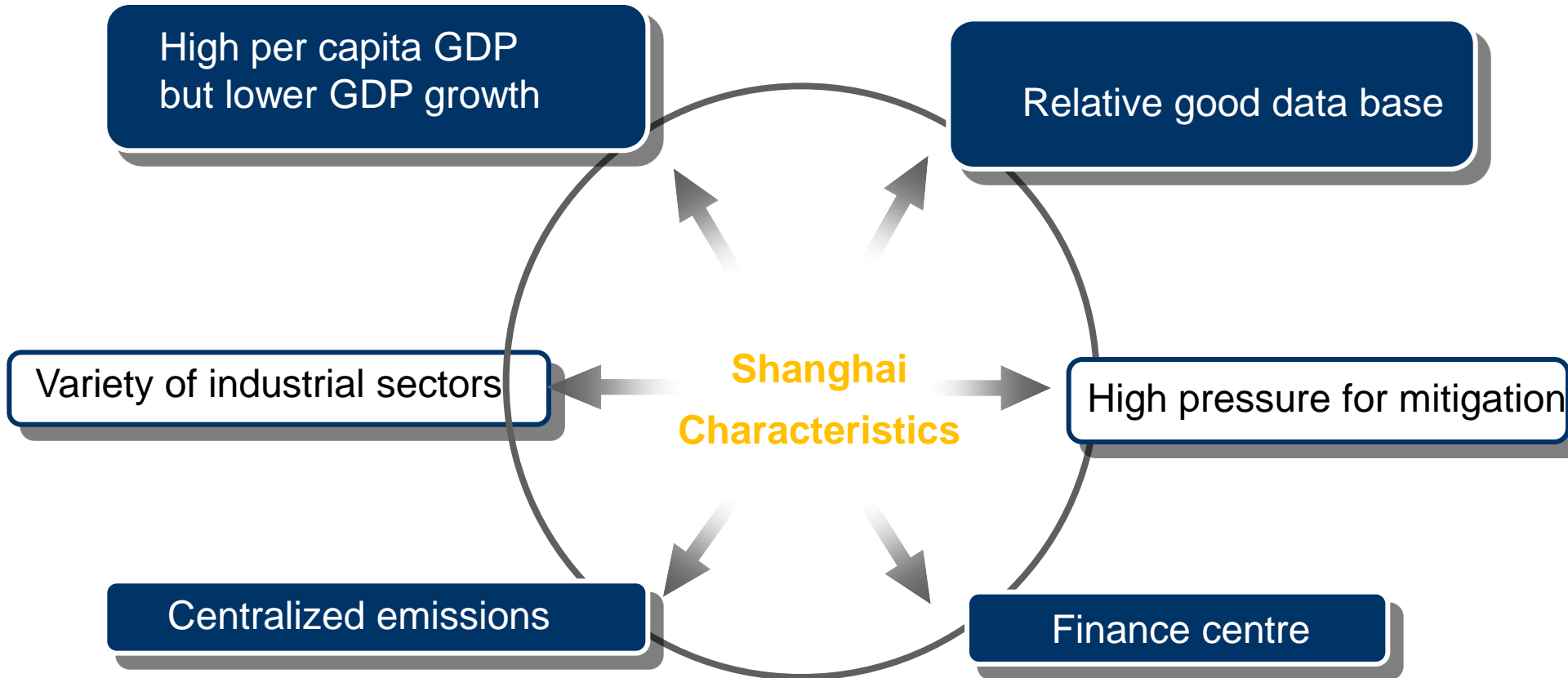


Shanghai ETS pilot

- 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.

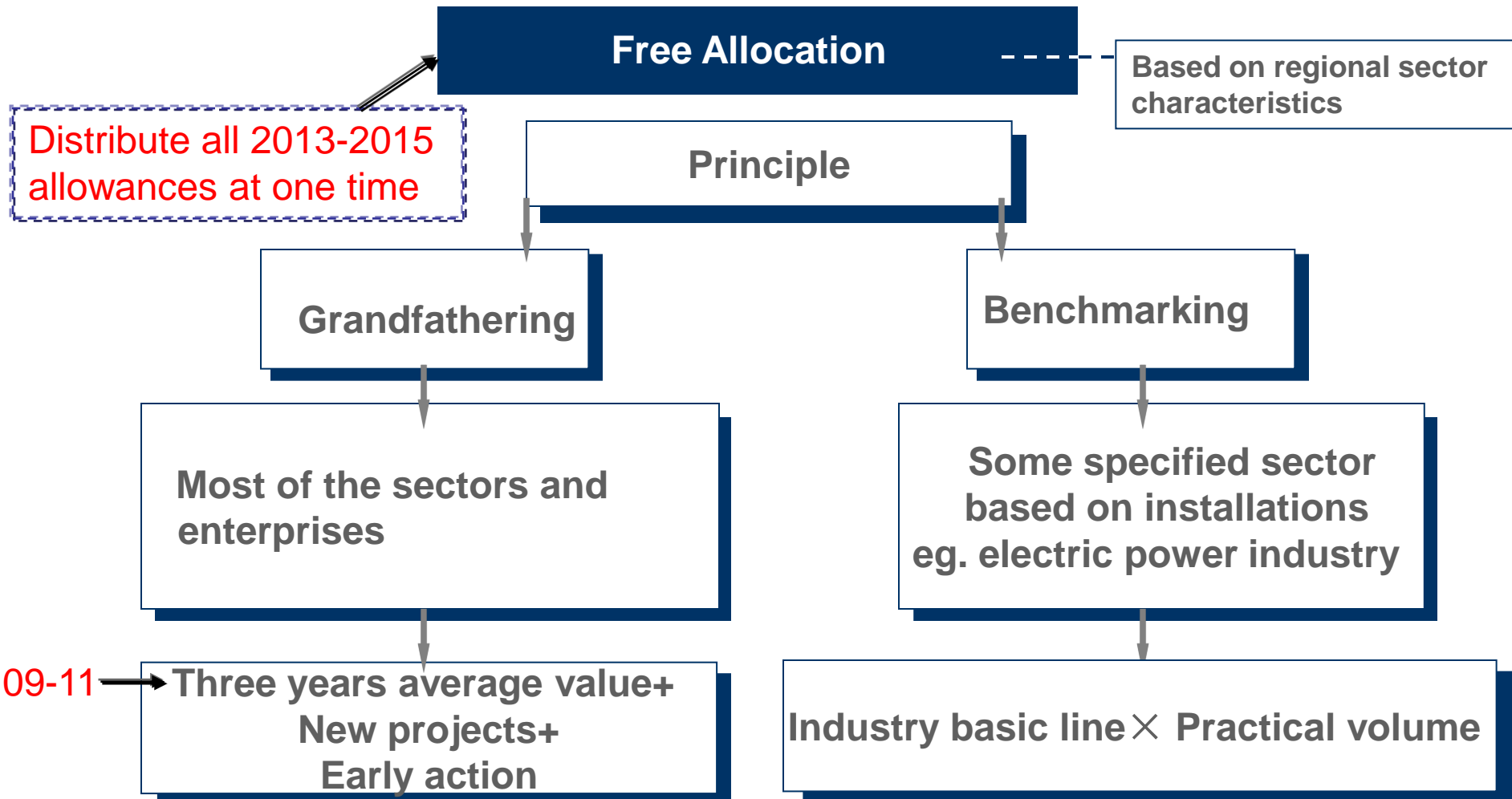
New entrants not included.

Part industrial companies.

⇒ Mandatory reporting system



Allocation



Monitoring, Reporting, and Verification (MRV)

- 1+9
- 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



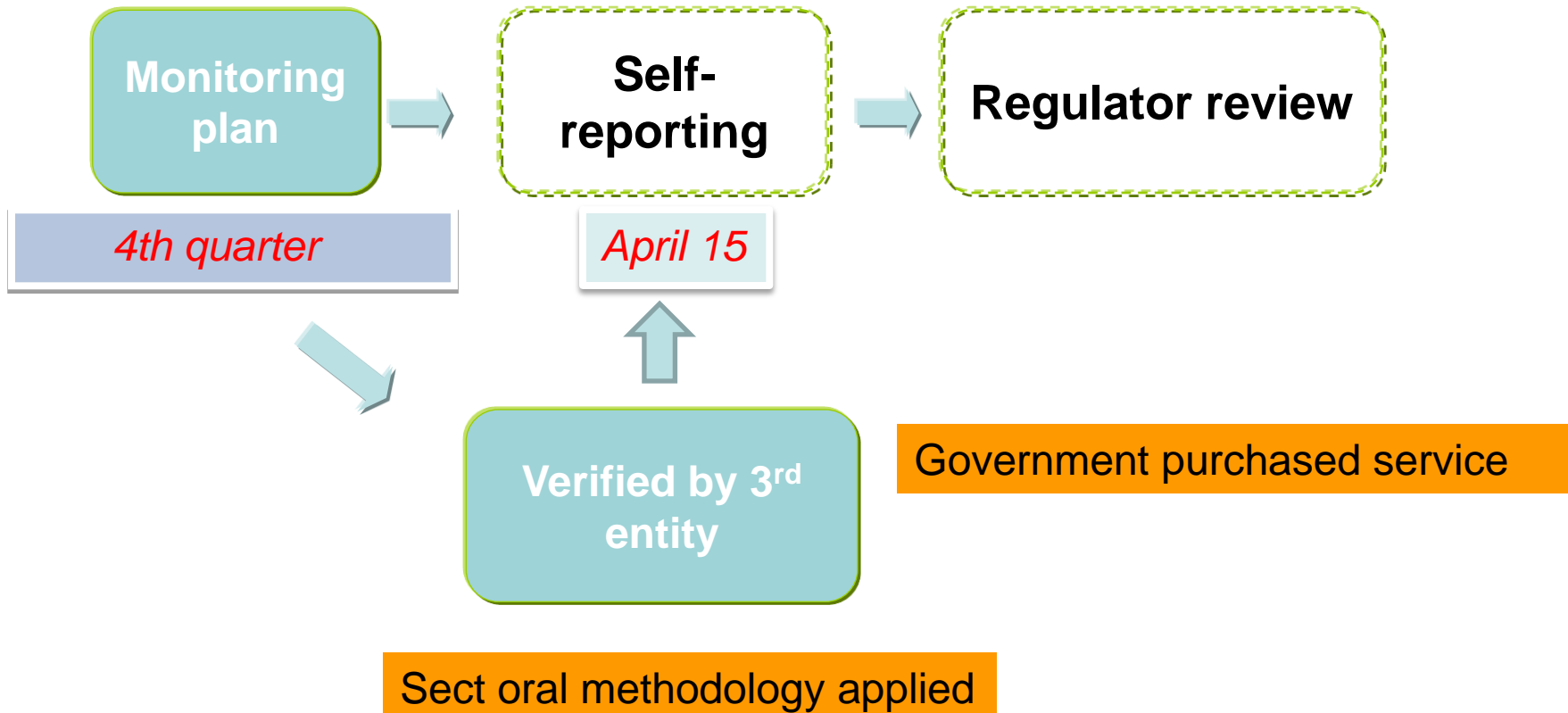
- Establish 2013 monitoring plan

Electronic Reporting system

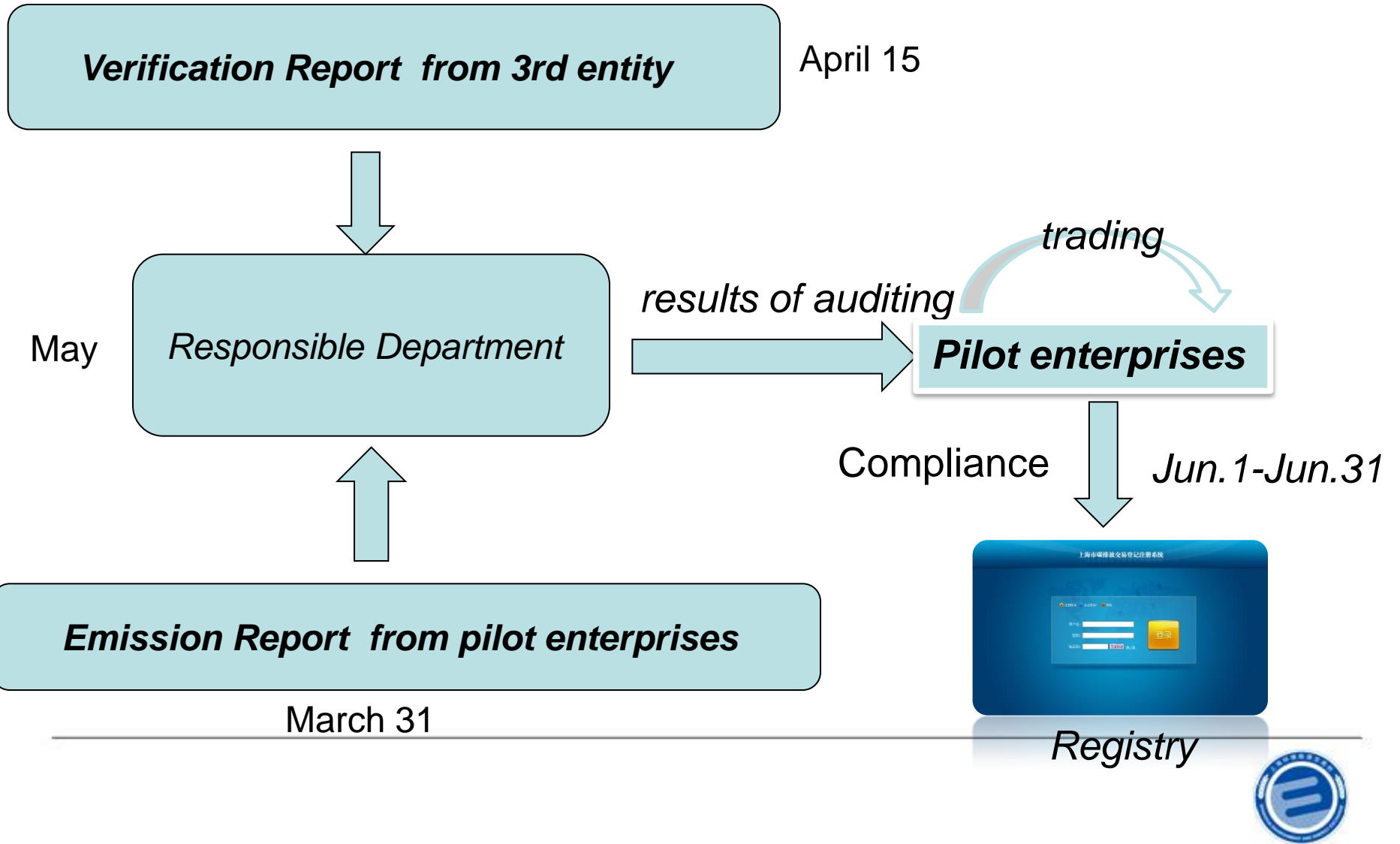


MRV procedures

- Monitoring, reporting and verification



Emission Auditing



Verification Report from 3rd entity

April 15



May

Responsible Department

results of auditing



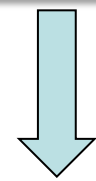
Pilot enterprises

trading



Compliance

Jun.1-Jun.31



Emission Report from pilot enterprises

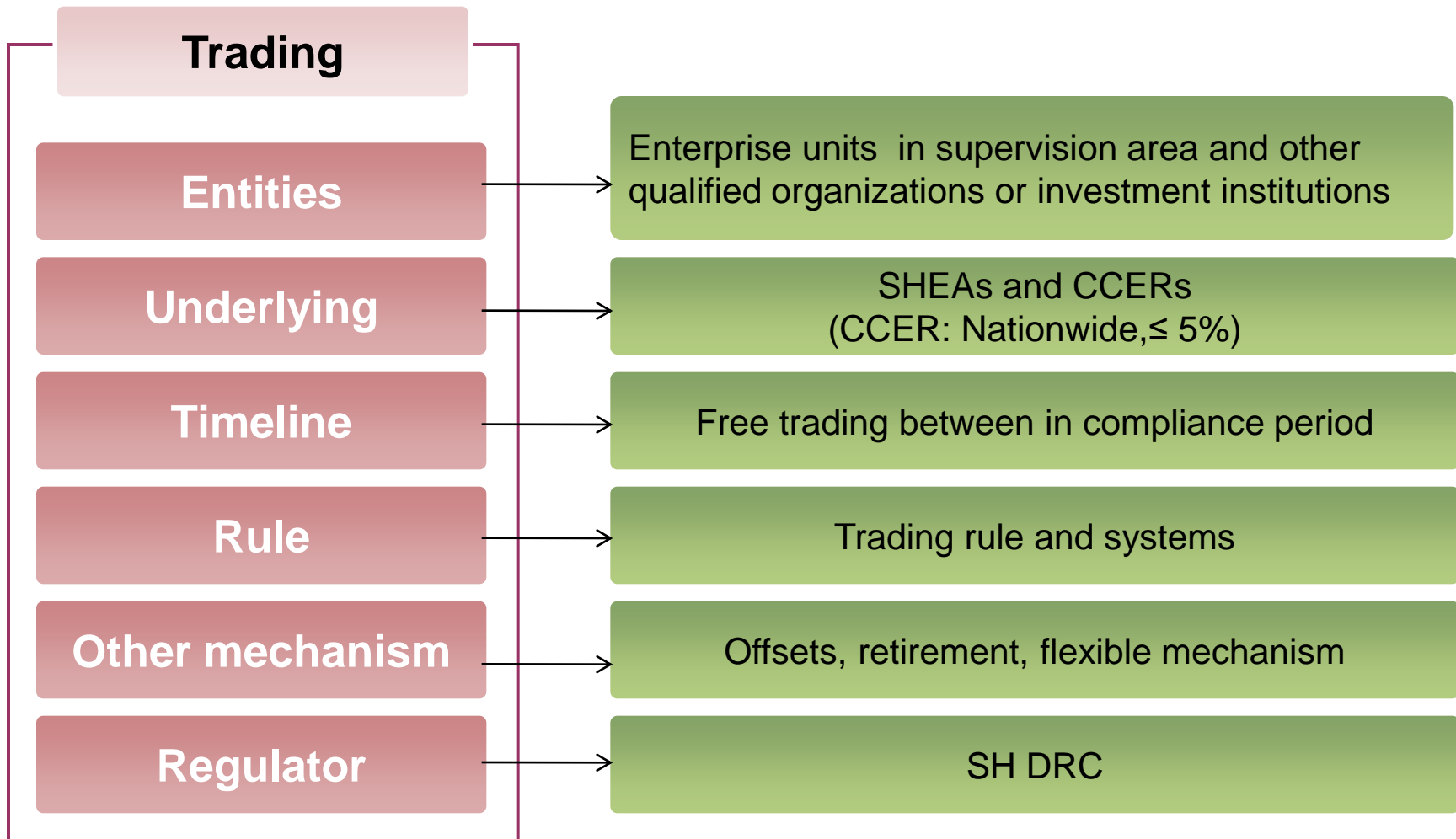
March 31



Registry



Trading

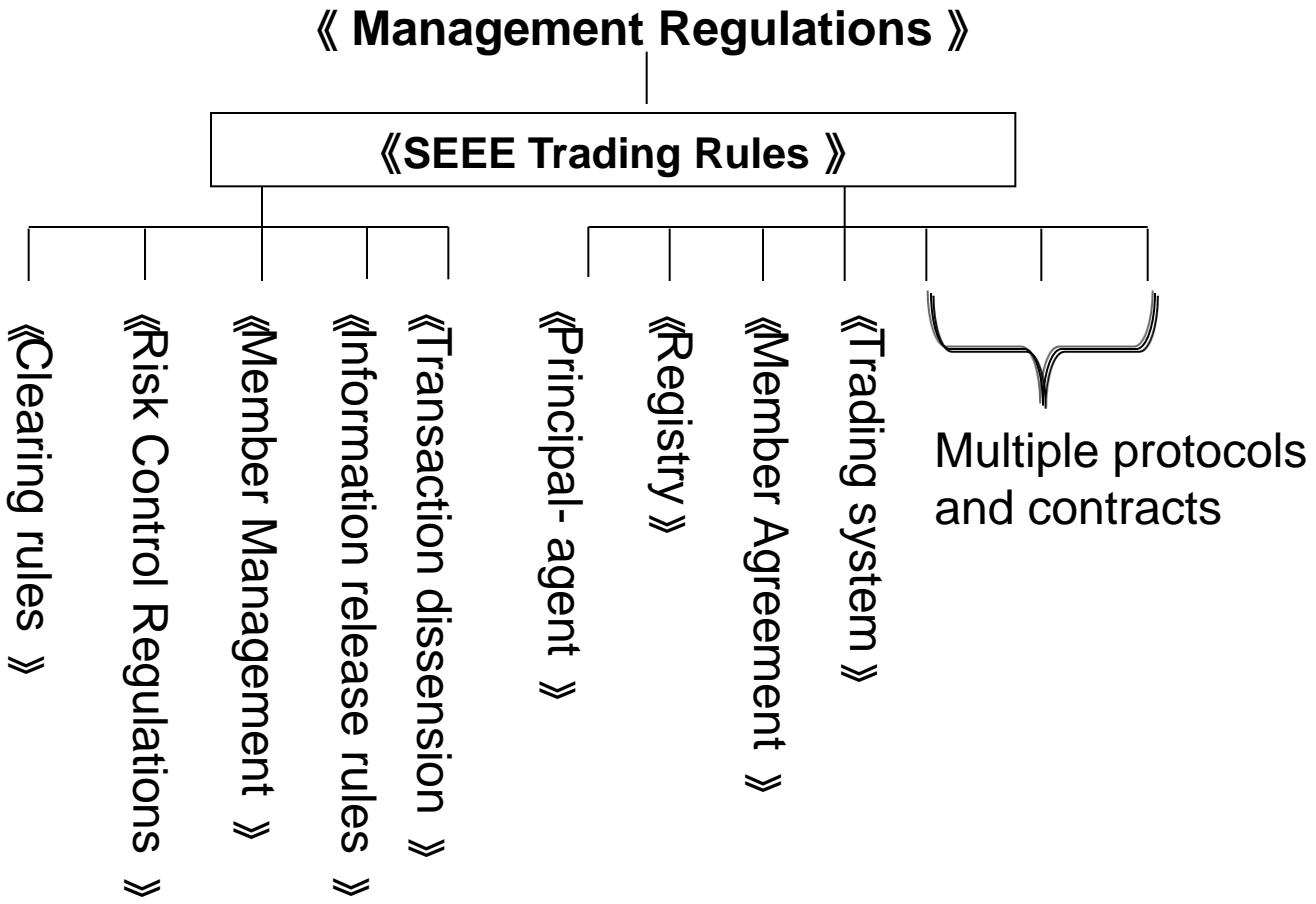


Trading

- 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**

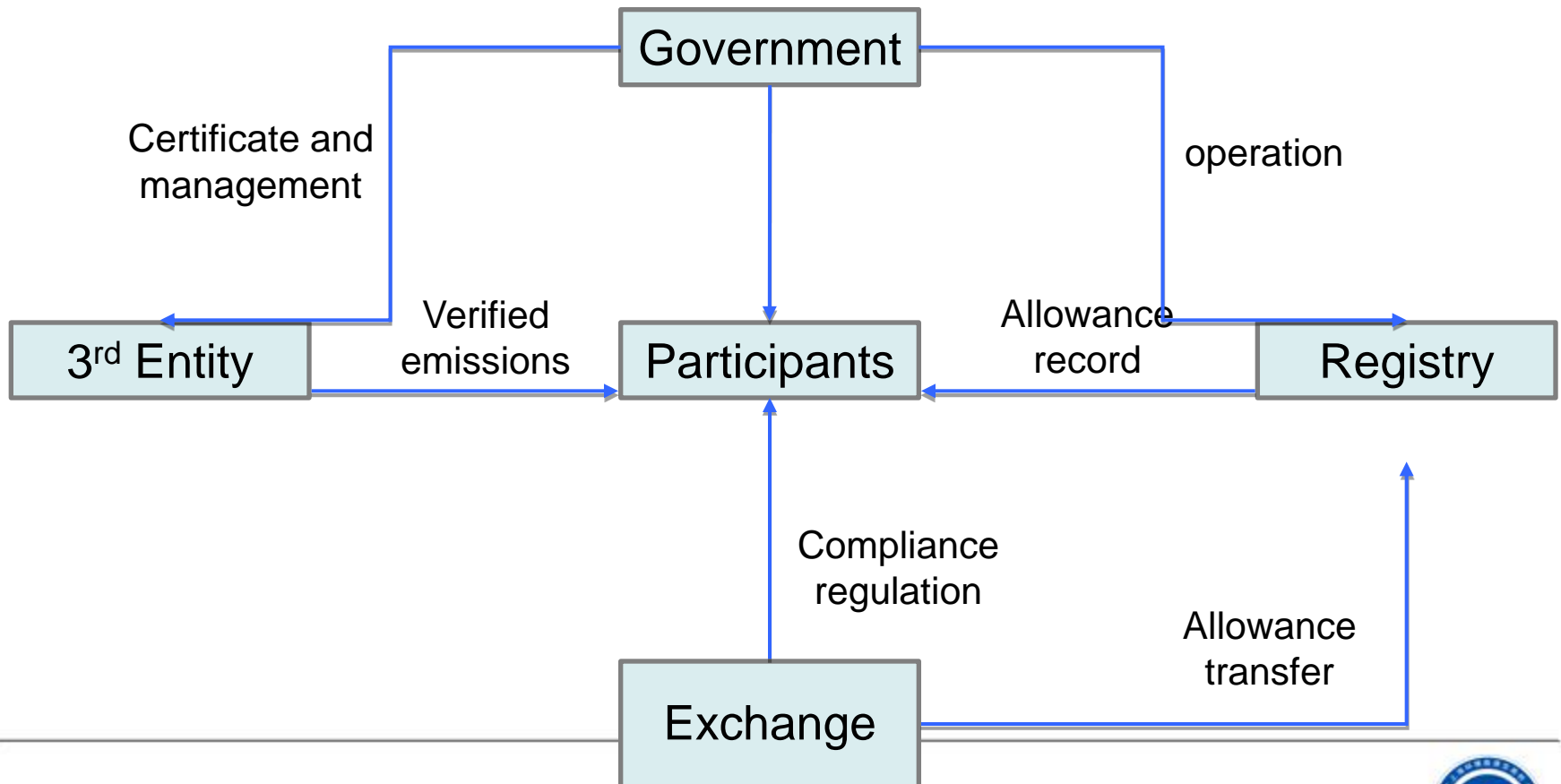


Trading rule structure

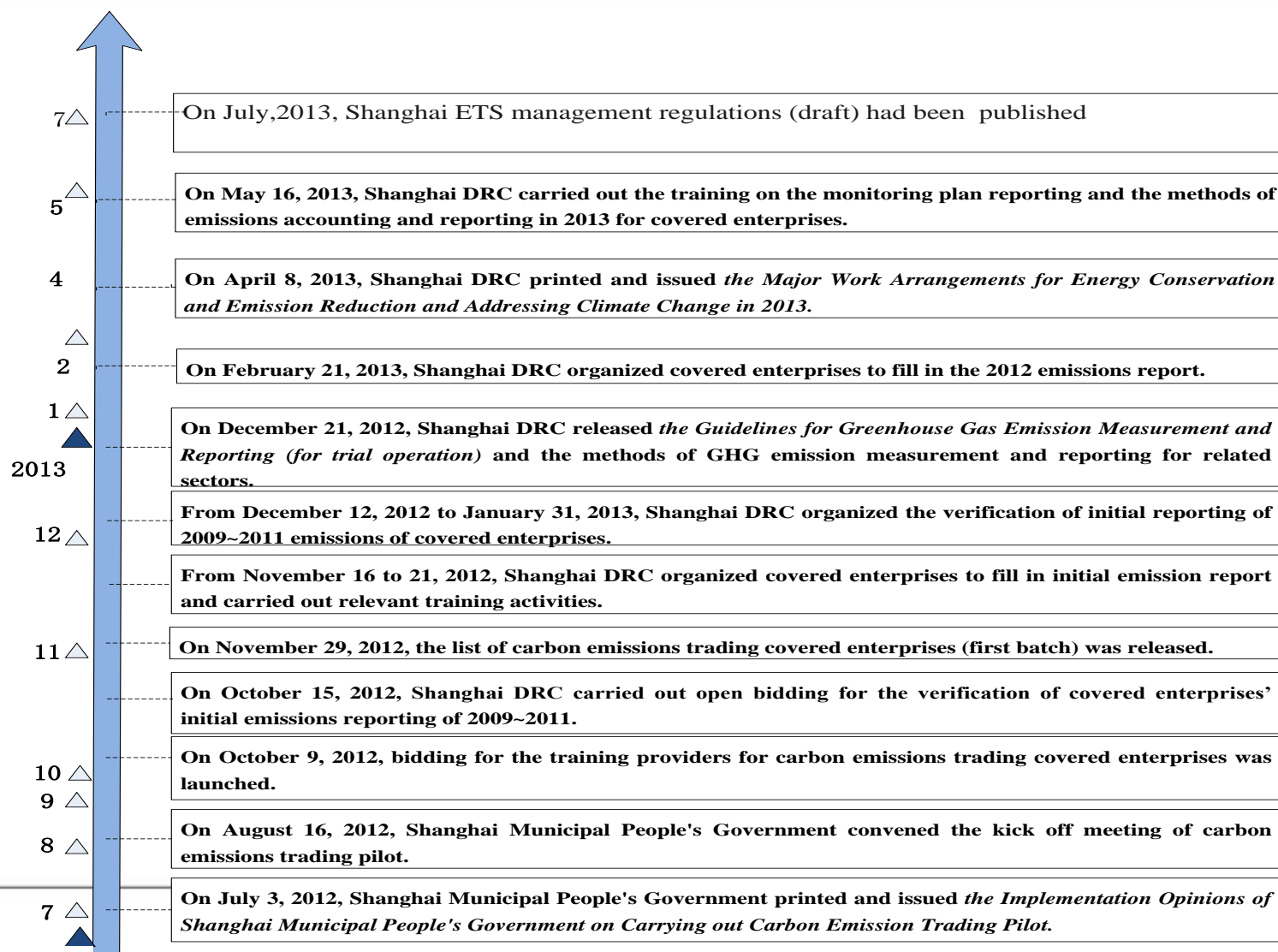


Regulation

Government- comprehensive regulation; Bureau – Specified regulation



Shanghai ETS pilot preparatory work



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



System construction



Stakeholders negotiation



Shanghai ETS kicks off



Carbon Finance



Thank you!

September 11st, 2013

