

Beijing ETS

Highlights

- Over the counter (OTC) transactions are only allowed in Beijing, which means participants can conduct bilateral transactions without the involvement of exchange.
- Among the seven pilot regions, Beijing set the highest monetary punishment for the non-compliance, which is 3 to 5 times the market average price.
- Beijing government is allowed to purchase allowances from the market for the purpose of emissions growth control and stabilizing the carbon market. However, the allowances purchased by the government cannot be traded again in the market.

Legislation

Beijing developed a general GHG monitoring and reporting guideline as well as six sector-based guidelines which cover power, petrochemical, heat supply, cement, service and other manufacturing sectors.

Apart from that, the “Beijing carbon allowance Over-The-Counter (OTC) transaction rules” issued on 22 November 2013 require affiliate transactions conducted between related parties and block transactions equal to or higher than 10,000 tons of emissions traded to be conducted over the counter.

ER Target in 2015	18% of CO2 intensity reduction compared to 2010
Emission coverage	More than 40% of Beijing’s gross emissions
Launch date	28 November 2013
Reporting required enterprises	Enterprises in non-participating sectors whose energy consumption (standard coal equivalent) exceed 2,000 tons/year

Included sectors

490 enterprises, state owned companies, government and other legal persons whose average carbon emissions between 2009 and 2012 exceeded 10,000 tons are included.

Offsetting

On 22 November 2013, Beijing-DRC issued “the notice for the implementation of ETS pilot scheme in Beijing”, regulating that the limit of offsetting by using CCER is 5% and at least 50% of CCER should be generated in Beijing.

Non-compliance

According to “The decision for the ETS implementation under the gross carbon emissions control regulations in Beijing”, the fine on obliged enterprises not submitting the verification report is less than CNY 50,000. Moreover, the fine for non-compliance is at 3 to 5 times the market average price of the excessive amount of emissions in the commitment period, which is the strictest among the five active ETS.

