

Tianjin ETS

Highlights

- By including domestic and international organizations as well as private persons, Tianjin ETS involves the widest range of participants.
- Verification entities are allowed to participate in the carbon trading.
- No punishment is regulated in “Tianjin carbon trading managerial rules” and it is believed to be the weakest among the five active ETS.

Legislation

Tianjin municipal government has issued the “Tianjin carbon trading managerial rules” on 20 December 2013. The regulations of the “managerial rules” are seen as the weakest among the five active pilot regions as there is no punishment terms for non-compliance in the document.

Included sectors

The number of enterprises covered in the ETS was decreased from the originally announced 130 to 114. The obliged enterprises are located in the heat and electricity production, iron & steel, petrochemicals, chemicals and exploration of oil/gas sectors with average CO₂ emissions between 2009 and 2012 exceeding 20,000 tons/year are included.

ER Target in 2015	19% of CO ₂ intensity reduction compared to 2010
Emission coverage	About 60% of Tianjin’s gross emissions
Launch date	26 December 2013
Reporting required enterprises	Enterprises in iron & steel, petrochemical, electricity, power, chemical, and oil & gas exploration sectors whose CO ₂ emissions in 2009 exceeded 10,000 tons are required to report their emissions.

The residential building sector was originally included in the “Notice of ETS work plan in Tianjin” that was issued on 5 February 2013. However, in the “Allowance allocation rules for the obliged enterprises in Tianjin pilot ETS” issued on 25 December 2013, the residential building sector was removed. This amendment is believed to be reasonable as the carbon trading among residential buildings is the most challenging area in the building sector as well as in ETS.

Market Participants

According to clause 19 of the “managerial rules”, obliged enterprises in Tianjin, domestic and foreign organizations, enterprises, social communities as well as other organizations and private persons can participate in the carbon trading in Tianjin. Thus, Tianjin is the second pilot region that allows private persons to participate in the ETS in China next to Shenzhen. Moreover, Tianjin seems to be the first pilot region that is open for foreign investment in its ETS in China.

As Clause 19 does not set any requirements for the participants, it seems that any organization or private person can participate in the carbon market.

