



Capacity Building for the Establishment of Emissions Trading Schemes in China

Fujian ETS

Coverage

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| <u>GHG:</u> | CO2 |
| <u>Scope:</u> | 277 enterprises (2016) |
| <u>Sectors:</u> | Electricity, petrochemical, chemical, building materials, iron and steel, nonferrous metals, paper, aviation, and ceramics |
| <u>Threshold:</u> | Over 10,000t tce/year between 2013 and 2015 |

Allowance Allocation

Allowances are freely allocated on an annual basis, with a possible introduction of auctioning in the future. 10% of the total cap will be reserved for capacity extension and market intervention.

Market Stabilization Instruments

In case of market imbalances or other issues, the Fujian Economic and Information Center can buy allowances with government funds or auction allowances from reserves after consultation with the local government and an advisory committee.

Compliance

Timeframe for compliance: Annual

Fine for non-compliance: Companies failing to surrender enough allowances are fined one to three times the average market price of the past 12 months, with a maximum of CNY 30,000. Twice the amount of the missing allowances can be withdrawn from the account of the company or deducted from next year's allocation.

2020 Reduction Target

19.5%

CO2 intensity (vs. 2015)

Emission Coverage

>60%

of gross emissions

Compliance Rate

97.8%

(2016)

Launch Date

**30 September
2016**

Other fines: Failing to submit an emissions or verification report and other misconduct may lead to a fine ranging from CNY 10,000 to CNY 30,000.

Offsets

Only China Certified Emission Reduction (CCER) and Fujian Forestry Certified Emission Reduction (FFCER) offsets generated in Fujian province are allowed with a limit of 5% of the annual compliance obligation. This limit can be raised up to 10% if both FFCER and CCER credits are used.

