Technical Workshop on "Laws, Regulations, Institutional arrangement and Technical Aspects on GHG Reporting and Emissions Trading Scheme (EST)/Initiatives"

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# China's overview of national policies, laws and arrangements

Songli ZHU (zhusongli@eri.org.cn)

Energy Research Institute, NDRC, China

The Sukosol Hotel, Bangkok, Thailand

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# Content

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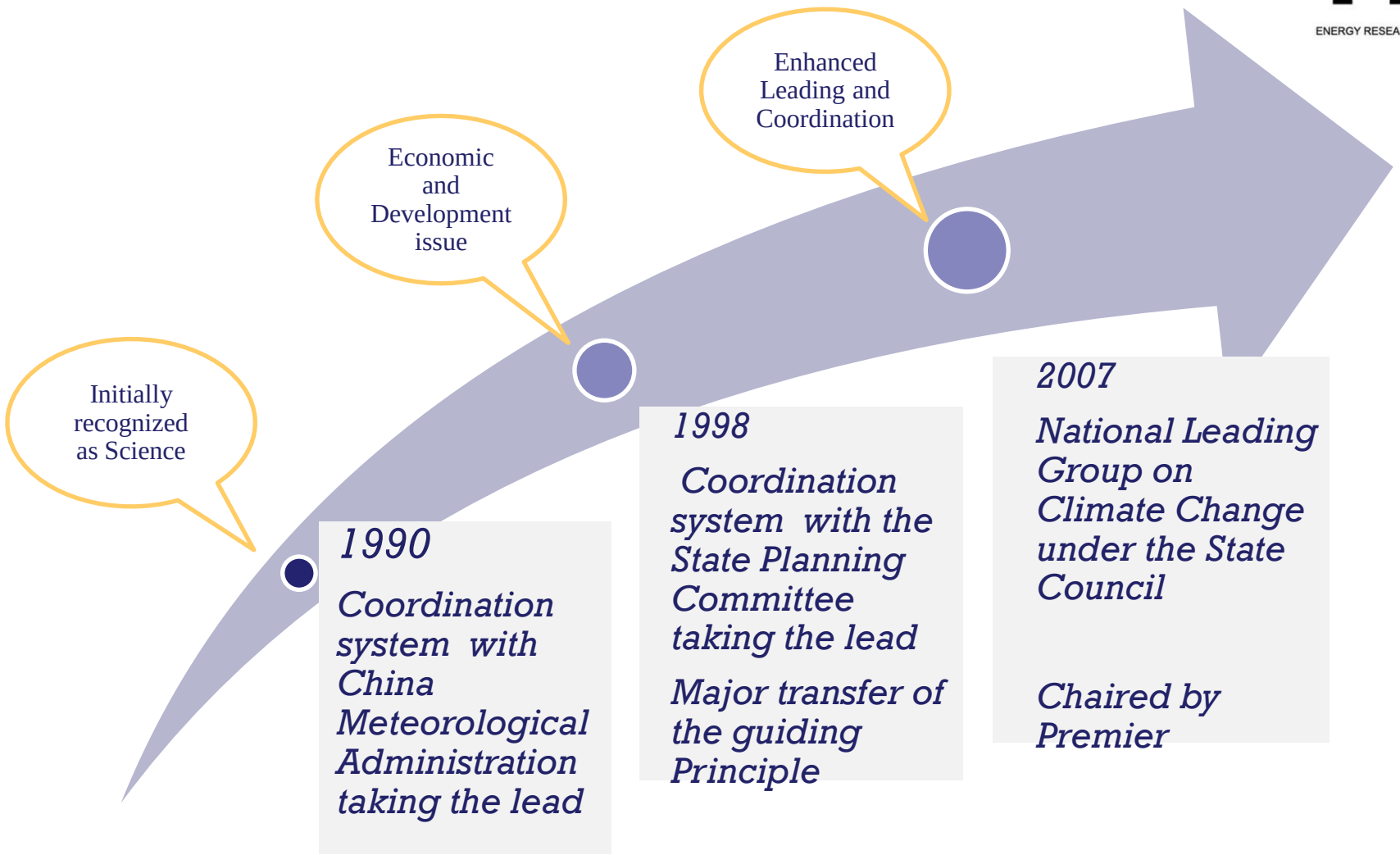
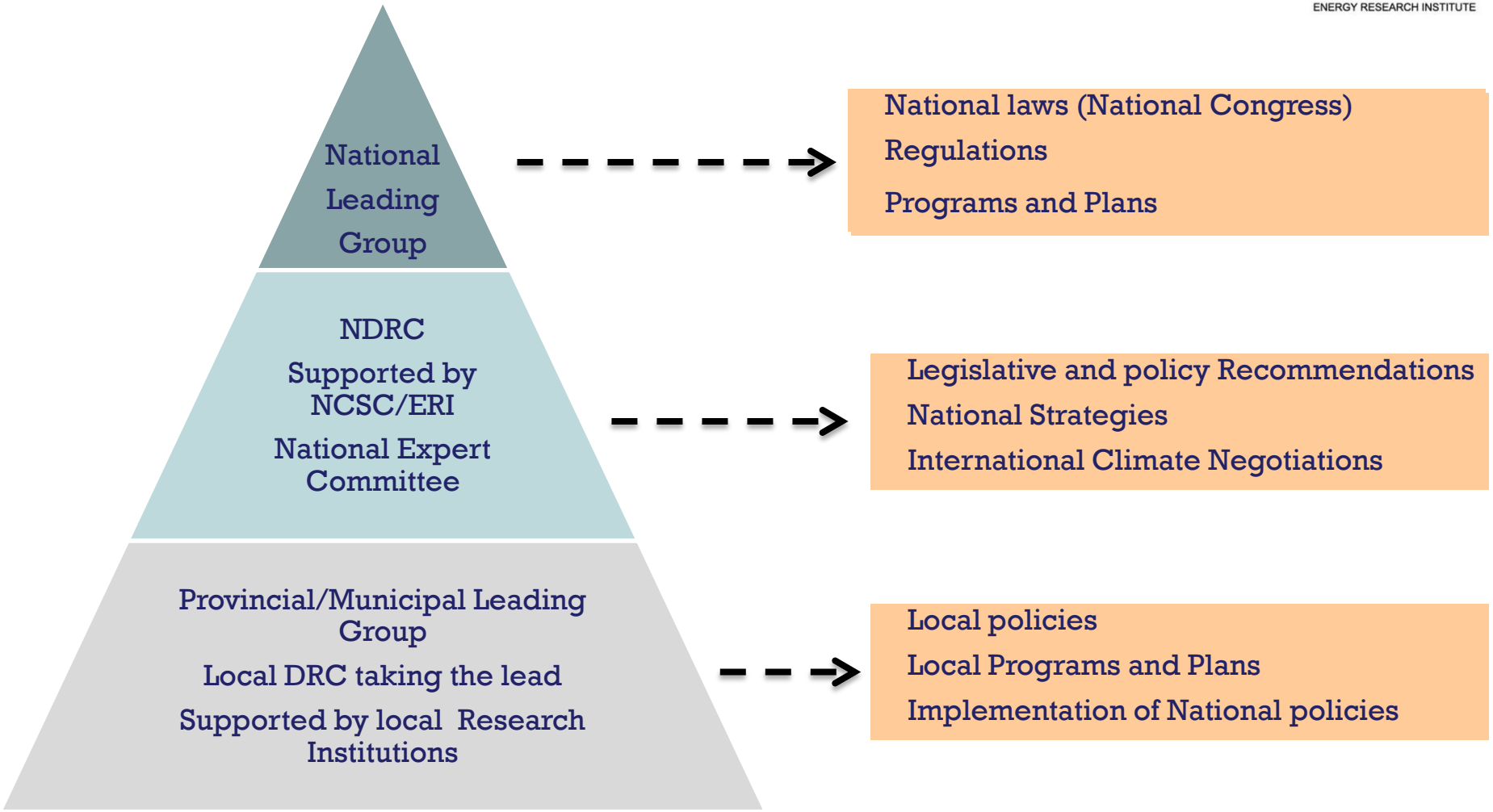
- Institutional Arrangements
- Policies, Laws and Regulations

# Institutional arrangements



# Institutional arrangements



# Policies, Laws and Regulations

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## *Strategic Objective*

- Mitigating and adapting to climate change

- Transforming the development pattern
- Construction of ecological civilization and sustainable development

- Promoting international low-carbon competitiveness
- Energy Security, through energy efficiency and promotion of renewable energy


- Joining international climate cooperation constructively

# Policies, Laws and Regulations

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## *Key Areas*

- Reasonable controlling of the amount of total fossil energy consumption and greenhouse gas emissions
- Constructing low-carbon provinces and cities, parks and communities with typical model
- Establishing national carbon emission trading market and supporting system based on Chinese situation step by step
- Strengthening low-carbon capacity building, promoting pragmatic international cooperation

# Policies, Laws and Regulations

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## *Major Policies and Regulations*

| | |
|---|---|
| 2007 | *China's National Climate Change Programme (Submitted to UNFCCC )* |
| 2009 | *Resolution on Addressing Climate Change adopted by Standing Committee of NPC* |
| | *Decisions on Objectives of addressing climate change by 2020 adopted by State Council* |
| 2010 | *Notification on launching the low-carbon pilot cities and provinces by NDRC* |
| | The concept of "Low Carbon Economy" firstly endorsed in the *Government Work Report* |
| 2011 | *NPC passed the 12th Five Year Plan* |
| | *Notification on launching the carbon emissions trading pilots by NDRC* |
| | *12th FYP of Controlling Greenhouse Gas Emissions by NDRC* |
| 2012 | *Notification on launching the second batch of low-carbon pilot cities and provinces by NDRC* |
| 2013 | *Interim Measures of Low-carbon Product Certification and Labelling by NDRC* |
| 2014 | *Notification on the Establishment of GHG Reporting System for Key Enterprises by NDRC* |

# Policies, Laws and Regulations

## National Targets

1. Reduce CO2 emissions per unit of GDP by **40-45%** compared to 2005 level
2. Increase the share of non-fossil energy to **15%** in the total primary energy consumption

*Non-fossil energy in primary energy consumption* ***11.4%***

*Cutting CO2 emissions per unit of GDP* ***17%***

**Underpinned by the 12th FYP**

*Cutting COD and $SO_2$ by* ***8% respectively***

*Forest coverage rate reaches to* ***21.66%,*** *Increase forest stock volume* ***600 million $m^3$***

# Policies, Laws and Regulations

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## *The 12th Five Years Plan*

**China's first green and low carbon development plan**

**Setting up *a Special Section* to plan the green development;**

**More than *One-third* of is binding targets are related to the green and low carbon development;**

**Whole plan covers lots of green related aspects in an integrated and coherent manner.**

China's 12th FYP is the best embodiment of balancing the economic development and addressing climate change, is very ***encouraging.***

-- *EU Climate Change Action Committee*

# Policies, Laws and Regulations

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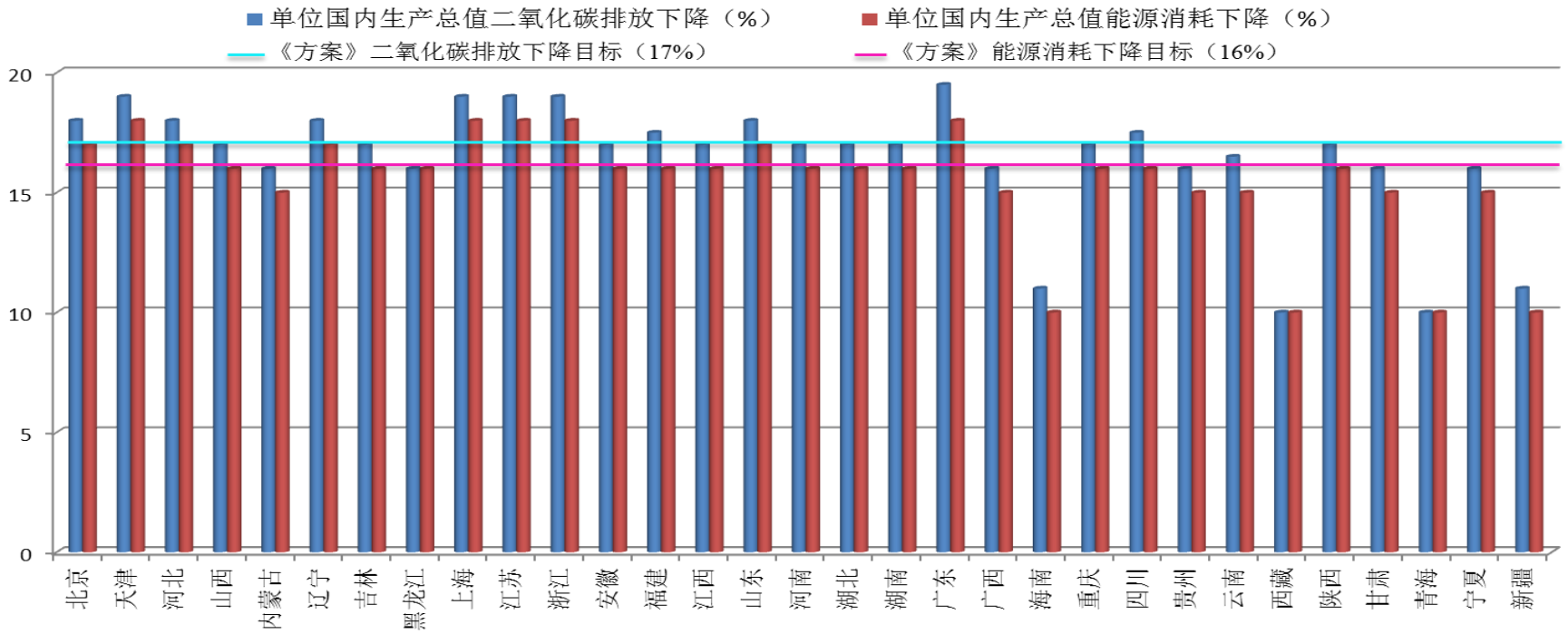
## *12th FYP of Controlling Greenhouse Gas Emissions*

### Allocation and burden sharing of GHG controlling target in 12th FYP

**MRV and accountability system established**



# Policies, Laws and Regulations

## *12th FYP of Controlling Greenhouse Gas Emissions*

**Set out a comprehensive measures and tasks**

### Key Areas

- *Pilot Demonstration*
- *Mechanism Establishment*
- *Capacity Building*

- *Adjusting industrial structure*
- *Promoting energy conservation*
- *Developing low-carbon energy*
- *Increasing forest carbon sinks*
- *Controlling emissions from non-energy activities*
- *Saving and replacing high-emission products*
- *Carrying out Low- carbon pilot cities, provinces, commercial models, communities and products*
- *Establishing GHG MRV system*
- *Establishing carbon emissions trading market*

# Policies, Laws and Regulations

## *Low-carbon pilot Provinces and Cities*

| Policies | Time | Pilots |
|---|---|---|
| Notification on launching the low-carbon pilot cities and provinces | 2010.7 | 5 provinces & 8 cities |
| Notification on launching second batch of low-carbon pilot cities and provinces | 2012.11 | 29 provinces & cities |

Low-carbon Pilot Provinces and Cities has been positive on a **nationwide** scale, China has **6 low-carbon provincial pilots, and 36 low-carbon cities pilots now.**


- By promoting low-carbon pilot provinces and cities, China is to accumulate experiences and lay a firm foundation for dealing with climate change and low-carbon development
- All pilot provinces and cities have formulated low carbon pilot programs, with some set peaking year

# Policies, Laws and Regulations

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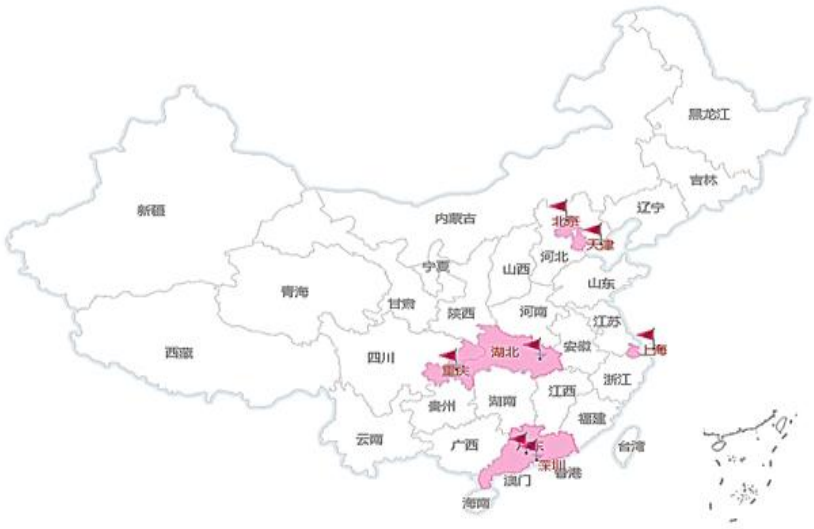
## *Pilot Carbon Emission Trading Programs*

**2 provinces and 5 cities**






| Shenzhen | Shanghai | Beijing | Guangdong | Tianjin | Hubei<br>Chongqing |
|---|---|---|---|---|---|
| 2013.06.18 | 2013.11.26 | 2013.11.28 | 2013.12.19 | 2013.12.26 | 2014.4 |

# Policies, Laws and Regulations

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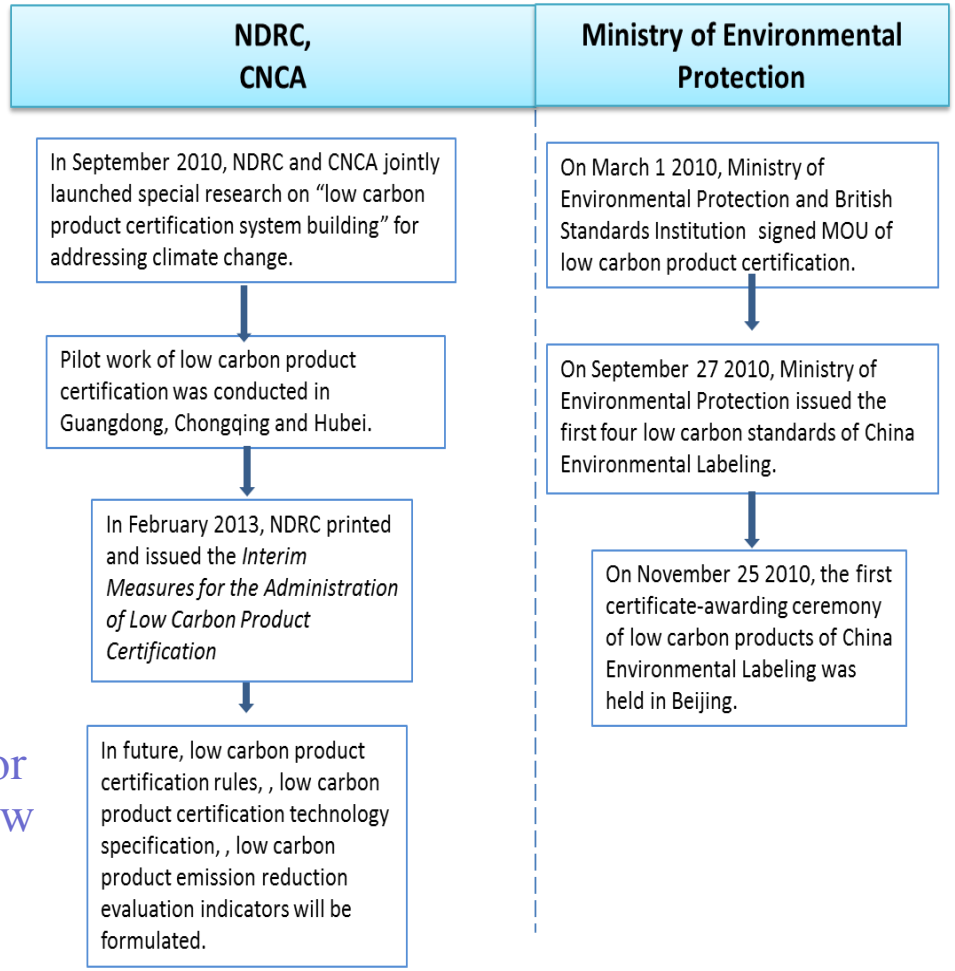
## *Low-carbon Product Certification*

**Interim Measures for the Administration of Low-carbon Product Certification**

- low-carbon product concept;
- administrative department;
- certification process;
- qualification of institute and staff;
- certification and label

By carrying out the low-carbon product certification and labelling, China is to explore a good system and environment for enterprises to produce and purchase the low carbon products.



# Policies, Laws and Regulations

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## *Mandatory GHG Reporting System for Key Enterprises*

### Establishing a robust report system

- Report threshold: 13,000 tons of CO2 equivalents annually;
- MRV guideline: national guidelines;
- Verification: independent verification entities
- Reporting period: every March to local DRC, and every June to NDRC;
- Reporting System: electronic system to be build

To establish a GHG statistical and accounting system, laying solid foundation to formulate effective GHG control measures and a national carbon market.

# Policies, Laws and Regulations

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## *Evaluation on Progress and Achievements*

- **Climate policy incorporated and Integrated into national soci-economic development plan and strategy**
- **Institutional arrangements and mechanisms established and improved**
- **Overall planning, objectives and specific tasks elaborated and under effective implementation**
- **Capacity to address climate change is improving and emission accounting system initially established**

# Policies, Laws and Regulations

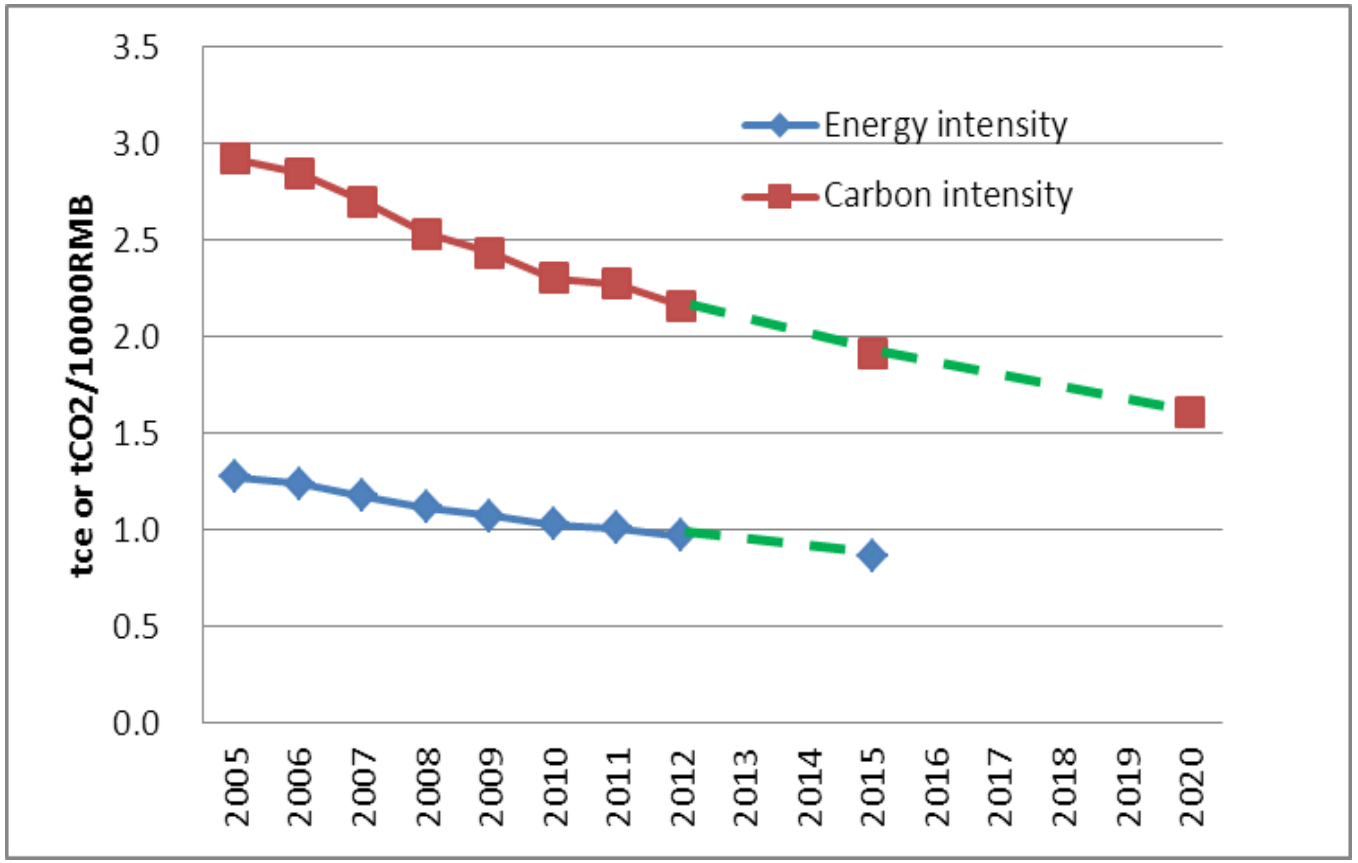
## *Effectiveness Analysis Framework*

- China has all type of policies, instruments and approaches to address CC
  - **Regulations and Standards;**
  - **Taxes and Charges;**
  - **Tradable Permits;**
  - **Voluntary Agreements;**
  - **Subsidies and Incentives;**
  - **Information Instruments;**
  - **Research and Development (R&D)**;
  - **Non-Climate Policies**
- **Assessment of policies：criteria**
  - Environmental effectiveness; Cost-effectiveness;
  - Distributional considerations; Institutional feasibility

# Policies, Laws and Regulations

## *Initial Assessment*

- **Environmental effectiveness**



# Policies, Laws and Regulations

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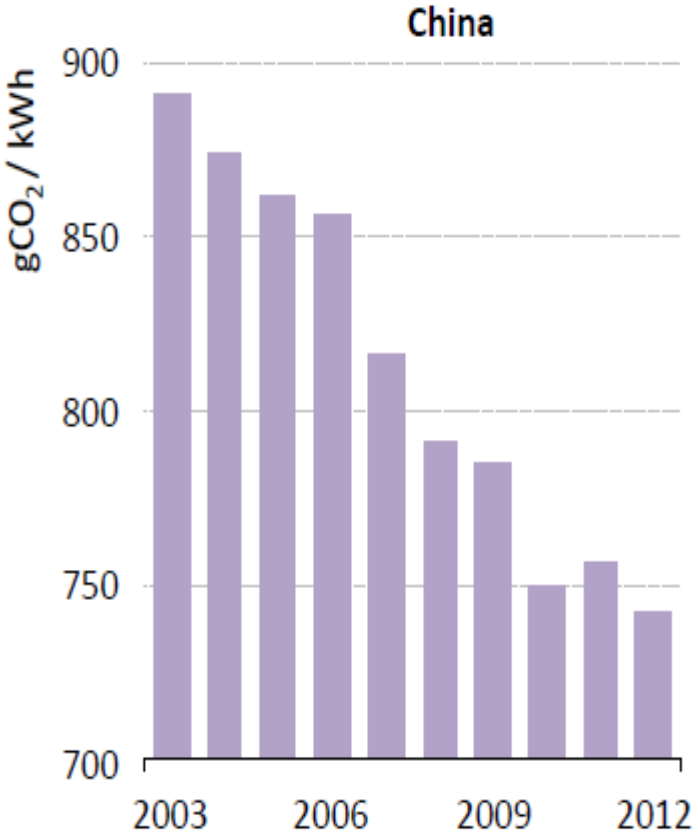
## *Environment effectiveness (cont.)*

- 2011: Decreased emissions growth in industry and infrastructure from 54% to 27%
- 2012: Slow down (two thirds) of total emissions increase
- Electricity: for the first time quicker growth of renewable energy than coal



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## *Cost-effectiveness*

- In 11th FYP, the abatement cost of $CO_2$ is about 167RMB/t (Qi, 2013);
- As most of the low-cost energy-saving technologies have already been adopted, the cost for energy saving in the industrial sector in China has increased from approximately 2500 RMB/tce in the 11th FYP period to 4000 RMB/tce the 12th FYP period (Wu, 2013).
- Emission reduction target (40-45% up to 2020) has limitation on GDP growth: 6-8%;

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## *Distributive considerations*

- Regulation and standards:
  - Disadvantaged to small actors;
  - Disadvantaged to workers employed by small actors;
  - Advantaged to employment in RE industries;
- Subsidies and incentives and R& D:
  - benefits selected participants, possibly some that do not need it. May distort the overall efficiency.
  - potentially easy for funds to be misallocated

# Policies, Laws and Regulations

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## *Institutional feasibility*

- The power of central government is strong;
  - Top-down institutional system has been set up.
- The interests of local governments are not always consistent with central government;
- Market-based instruments needs more practices.
  - SO2 emission trading in China?
- Behavior change is challenging

# Policies, Laws and Regulations

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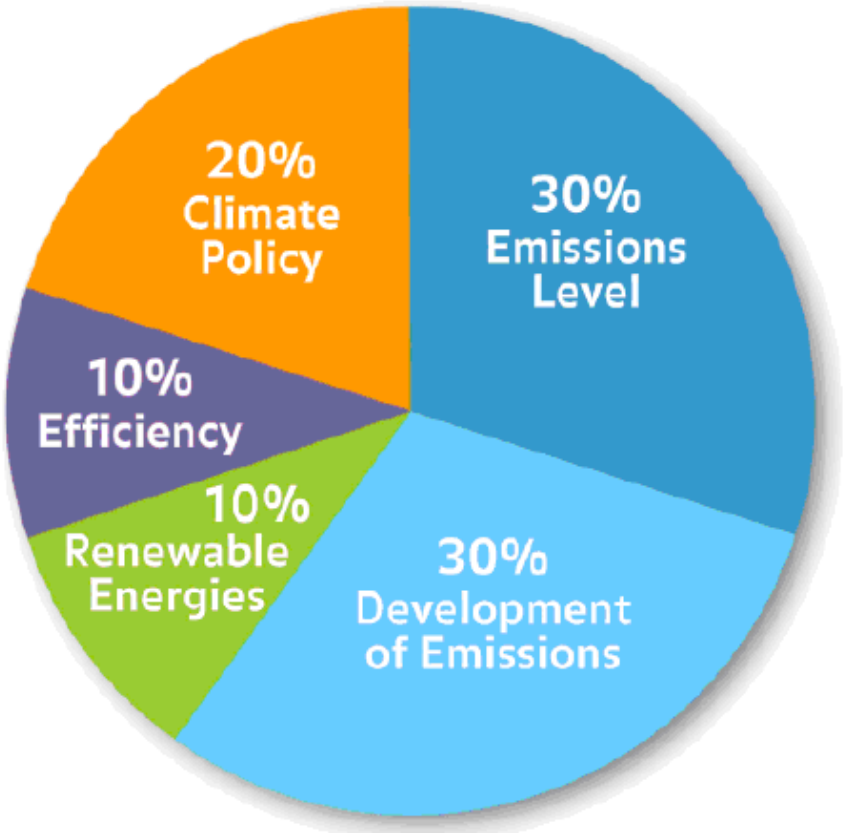
## *Overall assessment – CCPI 2014*

In assessed 58 countries, rank of China is 46 with up trend (Thailand is 38 with down trend).




(from Germany Watch)

# Policies, Laws and Regulations

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## *Long Term Policies under Preparation*

**Legislation**
- **National climate change law**
- Legislation under process

**Overall Planning and Strategy**
- **National Climate Change Plan 2020**
- **Road map for 2030 and 2050**

**Targets beyond 2020**
- **Peaking year**
- **Absolute cap for GHG emissions**

**To Provide long term guidance and policy certainty**

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# THANK YOU!