

Welcome to EDF China Carbon Pricing Newsletter

Special Edition:

The world's biggest carbon market launched first on-line trading!

China's national carbon emission trading scheme (hereinafter as China's national ETS) kicked off the first online trade on July 16th, covering 2,162 entities in the power industry which are responsible for 4.5 billion CO₂ emissions, making it the largest carbon market in the world.

China's national ETS opened at 48 yuan (\$7.42, \$1 = 6.4671 yuan) per tonne. The first trade was achieved at 52.78 yuan with a 10% increase of the opening price, which is the high limit, involving 160,000 tonnes of carbon dioxide. As of today, 12 trading days passed, the cumulative volume of China Emission Allowances (CEA) traded in the national carbon market is above 5.9 million tonnes, with a cumulative turnover of more than 301 million yuan, with the highest price has reached at 61.07 yuan on July 23rd.

China's national ETS will be one of the central policy instruments to achieve its goals of peaking its carbon emissions by 2030 and reaching carbon neutrality by 2060. It will gradually expand over the next four years to include aluminum, iron and steel, cement, petrochemicals, chemicals, and other sectors. As we mentioned in the last edition, China's Ministry of Ecology and Environment (MEE) has asked industry associations to help formulate allowance allocation plan, benchmark setting and more.

Environmental Defense Fund has a long-standing relationship with top Chinese academics and officials. In the past decade, we had been helping our partners overcome technical and political obstacles to make the online trading possible. We will keep our strong relationships with partners to ensure that China's national ETS reaches its potential as an effective emissions-reduction approach.

In order to give a brief introduction of the newly operating ETS, we have attached the Factsheet and Frequently Asked Questions (FAQs) prepared by

EDF. Please feel free to share the newsletter and the files with your acknowledged experts.

As always, please do not hesitate to let us know if you would like to follow up on the above topic on China's ETS and anything else you may wish to know. We would love to hear from you.

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2021 is the first year of the "14th Five-Year Plan". China's Ministry of Ecology and Environment stated that a Nationwide ETS with complete institutions, active trading, strict supervision, and high transparency will be built during the 14th Five-Year Plan period. EDF will continue to follow up on the construction of China Nationwide ETS, bringing you first-hand news and insightful analysis. For more information or to get in touch with an EDF spokesperson, please contact EDF China at China@edf.org.

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