Interim Regulations on the Management of Carbon Emission Trading

Dan Young Business Consultancy — www.danyoungcpa.com
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Adopted at the 91st Executive Meeting of the Ministry of Ecology and Environment on December 25, 2020
Promulgated by Order No. 19 of the Ministry of Ecology and Environment of the People's Republic of China on December 31, 2020
Effective: February 1, 2021

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Chapter I — General Provisions

Article 1 — These Regulations are formulated for the purposes of strengthening the administration of carbon emission trading, promoting the construction and development of a national carbon emission trading market, promoting the reduction of greenhouse gas emissions and advancing green and low-carbon development.

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Article 2 — These Regulations shall apply to the administration of the national carbon emission trading market (hereinafter referred to as the "national carbon trading market"). The national carbon trading market shall carry out trading of carbon emission quotas and other matters as prescribed by the State. These Regulations shall not apply to the trading of greenhouse gas voluntary emission reductions.

Article 3 — The administration of the national carbon trading market shall adhere to the principles of government guidance and market regulation, openness, fairness and impartiality, and gradual progress.

Article 4 — The department of ecology and environment under the State Council shall be responsible for the supervision and administration of the national carbon trading market. The departments of ecology and environment of the local people's governments at or above the level of a city divided into districts shall be responsible for the supervision and administration of greenhouse gas emission and carbon emission trading activities within their respective administrative regions.

Article 5 — The State shall encourage voluntary greenhouse gas emission reduction by enterprises, public institutions, social organizations and individuals. The State shall encourage the development and utilization of renewable energies, forestry carbon sink and other projects recognized by the State for voluntary emission reduction.

Chapter II — Greenhouse Gas Emitters

Article 6 — Key greenhouse gas emission entities (hereinafter referred to as "key emission entities") shall be entities that fall within the scope of the annual greenhouse gas emission threshold determined by the department of ecology and environment under the State Council and are included in the list of key emission entities of the national carbon trading market. The list of key emission entities shall be determined by the provincial departments of ecology and environment, in conjunction with the relevant departments at the same level, in accordance with the relevant provisions of the department of ecology and environment under the State Council. The list of key emission entities shall be made public.

Article 7 — Key emission entities shall control their greenhouse gas emissions and report truthful, complete and accurate data on their annual greenhouse gas emissions. The data reported shall be the total greenhouse gas emissions of the emission entity during the relevant year.

Article 8 — Key emission entities shall formulate and strictly implement a quality assurance plan for emission data, keep truthful and complete records of production activities and relevant data relating to greenhouse gas emissions, and maintain the records for a period of not less than five years.

Article 9 — Key emission entities shall prepare an annual greenhouse gas emission report and submit it to the provincial department of ecology and environment of the place where the entity is located by March 31 of each year. The emission report shall contain data on production activities and greenhouse gas emissions of the entity during the previous year.

Article 10 — The provincial department of ecology and environment shall organize verification of the emission reports submitted by key emission entities. Key emission entities shall cooperate with the verification work and provide truthful and complete information. The verification results shall serve as the basis for the settlement of carbon emission quotas by key emission entities.

Chapter III — Allocation and Registration of Emission Allowances

Article 11 — The department of ecology and environment under the State Council shall, in conjunction with the relevant departments, formulate a total carbon emission quota allocation plan for key emission entities. The allocation of carbon emission quotas shall be based mainly on free allocation, and the proportion of paid allocation shall be gradually increased where appropriate.

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Article 12 — The provincial departments of ecology and environment shall, in accordance with the total carbon emission quota allocation plan formulated by the department of ecology and environment under the State Council, allocate carbon emission quotas to key emission entities in their respective administrative regions. Carbon emission quotas shall be allocated on an annual basis.

Article 13 — The carbon emission quotas held by key emission entities and the voluntary emission reductions recognized by the State shall be registered in the national carbon emission trading registration system. The carbon emission quotas and voluntary emission reductions registered in the system shall serve as the basis for the exercise of rights by the holders.

Article 14 — Key emission entities and other entities and individuals that comply with the relevant provisions of the State (hereinafter referred to as "trading participants") may open accounts in the national carbon emission trading registration system for registration, trading and settlement.

Chapter IV — Carbon Emission Trading

Article 15 — The national carbon emission trading institution shall be responsible for organizing the centralized and unified trading of carbon emission quotas and other products in the national carbon trading market. The national carbon emission trading institution shall establish and improve its risk management system and internal control mechanisms, and ensure the safe, stable and reliable operation of the trading system.

Article 16 — Trading in the national carbon trading market shall be conducted through agreement transfer, one-way bidding or other methods that comply with the relevant provisions of the State. The trading methods, trading rules and other matters shall be prescribed by the department of ecology and environment under the State Council.

Article 17 — Trading participants shall conduct carbon emission trading on the trading platform of the national carbon emission trading institution. No entity or individual may establish a carbon emission trading venue without authorization.

Article 18 — The trading price in the national carbon trading market shall be determined by the market through trading. No entity or individual may manipulate the carbon emission trading price by means of spreading false information, collusion, or other such means.

Article 19 — Trading participants shall open accounts with the national carbon emission registration institution and the national carbon emission trading institution, and connect the accounts for the transfer of carbon emission quotas. The trading information shall be disclosed in a timely and accurate manner.

Chapter V — Verification and Settlement of Emissions

Article 20 — Key emission entities shall, in accordance with the provisions of the department of ecology and environment under the State Council, prepare an annual greenhouse gas emission report and submit it to the provincial department of ecology and environment. The time limit for submission of the emission report shall be prescribed by the department of ecology and environment under the State Council.

Article 21 — The provincial department of ecology and environment shall organize verification of the emission reports submitted by key emission entities. The verification work may be conducted by the department itself or commissioned to a technical service institution. Key emission entities shall cooperate with the verification work.

Article 22 — After the verification of emission reports is completed, key emission entities shall, within the time limit prescribed by the department of ecology and environment under the State Council, settle their carbon emission quotas for the previous year. The settlement of carbon emission quotas shall mean that key emission entities use the quotas held in their accounts to offset their verified actual emissions.

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Article 23 — Where the carbon emission quotas held by a key emission entity are insufficient to settle its actual emissions, it may purchase carbon emission quotas from the national carbon trading market. Where the carbon emission quotas held by a key emission entity exceed its actual emissions after settlement, the surplus quotas may be sold or carried forward for use in the following year.

Article 24 — Key emission entities may use the voluntary emission reductions recognized by the State to offset part of their carbon emission quotas for settlement. The proportion of offset shall be determined by the department of ecology and environment under the State Council.

Chapter VI — Supervision and Administration

Article 25 — The department of ecology and environment under the State Council shall, in conjunction with the relevant departments, strengthen the supervision and administration of the national carbon trading market and establish a joint regulatory mechanism.

Article 26 — The provincial departments of ecology and environment shall strengthen the daily supervision and administration of key emission entities within their respective administrative regions, and inspect the authenticity and accuracy of the emission data reported.

Article 27 — The department of ecology and environment under the State Council shall establish and improve the information disclosure system for the national carbon trading market. The national carbon emission trading institution shall, in a timely manner, disclose information such as trading volume, trading price and verified emissions.

Article 28 — Technical service institutions providing services such as emission report verification in the national carbon trading market shall be responsible for the authenticity and accuracy of the verification reports issued by them. Technical service institutions and their staff shall comply with the relevant provisions and shall not engage in fraudulent practices.

Chapter VII — Legal Liability

Article 29 — Where a key emission entity fails to report its emission data or submit its emission report as required, the provincial department of ecology and environment shall order it to take corrective action within a specified time limit and impose a fine of not less than RMB 10,000 but not more than RMB 30,000.

Article 30 — Where a key emission entity conceals relevant information or provides false information, or refuses to submit the emission report, the provincial department of ecology and environment shall order it to take corrective action and impose a fine of not less than RMB 20,000 but not more than RMB 200,000.

Article 31 — Where a key emission entity fails to complete the settlement of its carbon emission quotas within the specified time limit, the provincial department of ecology and environment shall order it to take corrective action and impose a fine of not less than RMB 20,000 but not more than RMB 30,000 on the key emission entity. Where the key emission entity fails to take corrective action after the time limit, the provincial department of ecology and environment shall deduct the equivalent amount of quotas from the emission quotas of the key emission entity for the following year.

Article 32 — Where a key emission entity manipulates the carbon emission trading price by means of spreading false information, collusion or other such means, the department of ecology and environment shall order it to take corrective action and impose a fine of not less than RMB 500,000 but not more than RMB 5,000,000.

Article 33 — Where a technical service institution issues a false verification report or issues a verification report with a major omission, the department of ecology and environment shall impose a fine of not less than RMB 100,000 but not more than RMB 500,000. Where the violation is serious, the technical service institution shall be prohibited from engaging in greenhouse gas emission verification business.

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Article 34 — Where the violation of the provisions of these Regulations constitutes a crime, criminal liability shall be pursued in accordance with the law.

Chapter VIII — Supplementary Provisions

Article 35 — The term "greenhouse gas" as used in these Regulations means any of the following gases in the atmosphere: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF_6) and nitrogen trifluoride (NF_3).

Article 36 — The administration of greenhouse gas emission and carbon emission trading by local pilot markets shall continue to be governed by the relevant provisions. The pilot markets shall be gradually incorporated into the national carbon trading market.

Article 37 — These Regulations shall take effect as of February 1, 2021.

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