

California-China Climate Institute

China Climate Policy Briefing

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In This Issue

2021 marks the start of China's 14th Five-Year Plan and the beginning of the second “centenary goal” of constructing a modern socialist country. Climate change, environmental protection, and low-carbon development are among the key focus areas of the Chinese government. In this issue, we highlight important policies, decisions, and work plans from the State Council, Ministry of Ecology and Environment (MEE), and the People's Bank of China (PBOC). Most importantly, various policy documents are urging provincial and sectoral carbon peaking plans in response to China’s carbon peaking and neutrality pledges.

Laws and Regulations

[Measures for the Administration of National Emissions Trading Schemes \(ETS\) \(Trial\)](#)

Released on January 5, 2021 by the Ministry of Ecology and Environment

The regulation officially established the first phase of China’s ETS by specifying its institutional components and duties.

Key takeaways:

- Provinces will be in charge of formulating the total emissions allowance and allocation and administering the market, while the national government will provide guidance and oversight.
- The scheme will cover power-generation facilities that emit over 26,000 million tonnes of carbon dioxide (CO₂) equivalent per year.
- The document also provides:
 - Guidelines for the registration and trading systems and their operating organizations;
 - Guidelines for the trading procedures, including Chinese Certified Emission Reduction (CCER);
 - Guidelines governing data reporting, inspection and verification; and
 - Punishment for failing to comply with the guidelines.

[Guiding Opinion on Coordinating and Strengthening the Work Related to Climate Change Response and Ecological Environment Protection](#)

Released on January 11 by the Ministry of Ecology and Environment

This is an important policy guidance that lays out principles, goals, and strategies for achieving China's carbon peaking and neutrality goals. It provides the legislative foundation for carbon markets, climate laws, international collaboration, greenhouse gas reduction projects, officials' performance assessments, among other items.

Key takeaways:

- Specifies the 2030 goal to be “CO2 peaking” and 2060 target to be “carbon neutrality”;
- Emphasized the “synergy” of climate action and eco-environmental protection;
- Identified “carbon reduction” as a top priority;
- Urged legislation on climate;
- Urged the design of provincial and sectoral CO2 peaking targets;
- Mentioned nature-based solutions to create climate and ecosystem co-benefits.

Conferences and Announcements

[The Central Environmental Inspection Team released findings on its inspection towards the National Energy Administration \(NEA\)](#)

Released on January 29, 2021 by the Central Environmental Inspection Team

This announcement is a summary of the inspection team's findings of the misbehaviours of NEA, which include:

- Too much emphasis on energy supply instead of environmental protection;
- Lack of actions on regulating coal over-capacity;
- Weak implementation and enforcement of environmental policies.

[Ministry of Ecology and Environment Outlines 2030 Peaking Strategy at National Eco-Environmental Protection Work Meeting](#)

Held on January 21, 2021 by Ministry of Ecology and Environment

The meeting made the decision, among others, that the Ministry will develop and implement the action plan for carbon peaking before 2030 with the following instructions:

- Accelerate the establishment of a pool of projects to support the achievement of **independent nationally-determined contributions**;
- Accelerate the construction of a national **carbon emissions trading market**;
- Deepen **pilot projects in low-carbon provinces and cities**;
- Strengthen **local capacity-building** to address climate change;
- Study and compile the **National Adaptation Strategy 2035 for Climate Change**;
- Solidly promote **South-South cooperation on climate change**.

People's Bank of China Directs Financial Resources Toward Green Development Sector at 2021 Work Meeting

Held on January 4, 2021 by People's Bank of China

Among the many tasks to be done in 2021, the meeting instructed the Chinese central bank system to:

- Direct financial resources towards the green development sector;
- Strengthen the financial system's capability to manage risks related to climate change;
- Promote the fair pricing of carbon by promoting Emissions Trading Scheme (ETS) construction;
- Gradually complete the standard system of green finance;
- Establish the stimulative and restrictive policy system;
- Improve the system for green finance products and markets;
- Continuously advance the international collaboration in green finance.

Ministry of Ecology and Environment (MEE) and the European Union Host the 2nd China-EU Carbon Emissions Trading Policy Dialogue

Held on January 19, 2021 by Ministry of Ecology and Environment

The policy dialogue was held within the framework of an ongoing bilateral cooperation project, through which the Commission is supporting the Chinese authorities to implement and develop their Emissions Trading System (ETS).

At the dialogue, Vice Minister Zhao Yingmin said China will use carbon trading as a central tool for achieving carbon peaking and neutrality. He shared MEE's recently announced National Carbon ETS Measures and Power Generation Industry ETS implementation plan. China will continue developing the policies. The EU expressed the willingness to further work with China on the matter.

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