



Carbon Market and Green Finance in CEEX

China Emissions Exchange (Guangzhou)
CHINA EMISSIONS EXCHANGE (GUANGZHOU)

2020.09.25





Outline

01 Background of CEEX

02 Guangdong Carbon Market

03 Green Finance
& New Energy Assets Investment and Financing

1. Background of CEEEX



In 2011, the NDRC launched carbon emission trading pilots in seven provinces and cities, including **Guangdong**, Hubei, Shanghai, Tianjin, Shenzhen, Beijing and Chongqing.

Emissions Trading Platform

- In 2012, Guangdong Provincial Government designated CEEEX as **the only trading platform of carbon emission trading pilot in Guangdong**.
- In 2013, CEEEX became the first batch of China Certified Emission Reduction (CCER) trading institution certified by the NDRC.

Joint Construction by Guangdong Province and Guangzhou City

- Founded on September 11, 2012.
- 100% owned by China Canton Exchange Group Ltd.

❑ Service for Ecological Civilization Construction

❑ Service for Green Finance System Construction

❑ Environment and Energy Trading Institution

❑ Green Finance Service Institution

广东省人民政府

中华人民共和国国家发展和改革委员会

发改办气候〔2013〕92号

关于

广州市人民政府
府报〔2013〕10号
一、
二、
完成的重大
发展改革
易工作的

国家发展改革委办公厅关于同意广州碳排放权交易所有限公司为自愿减排交易机构备案的函

广东省发展改革委：

你委《广东省发展改革委关于广州碳排放权交易所申请温室气体自愿减排交易机构备案申请的请示》（粤发改资环〔2012〕880号）收悉。

经审核，广州碳排放权交易所有限公司符合《温室气体自愿减排交易管理暂行办法》第二十五条规定的交易机构备案条件，现予以备案。

特此函告。



Designated CCER Trading Platform

Designated Guangdong Emission Allowances Trading Platform

Guangdong Provincial Pu Hui Certified Emission Reduction (PHCER) Trading Platform

CEEX Green Finance Service Platform

China New Energy Assets Investment and Financing Platform

National Carbon Market Capacity Building (Guangdong) Center

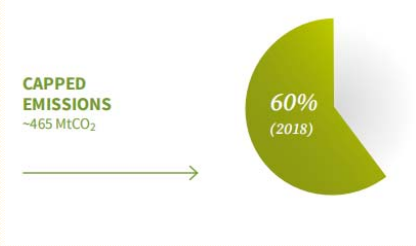


2. GD Carbon Market

Overview of Guangdong Carbon Market

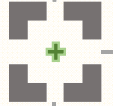


Industries and Companies in 2019



2. GD Carbon Market

Market System in Guangdong Pilot



2. GD Carbon Market

Trading Products in Guangdong Pilot



01

Guangdong Emissions Allowances (GDEA)

GDEA is allocated by Department of Ecology and Environment of Guangdong Province through auctioning or free allocation, which is the major trading products.



02

China Certified Emissions Reductions (CCER)

CCER is signed and issued by Ministry of Ecological and Environment. It can be used for compliance obligation if appropriate, yet suspended since 2017.

03

Puhui Certified Emissions Reductions (PHCER)

PHCER is signed and issued by Department of Ecology and Environment of Guangdong Province and can be used for compliance obligation.

04

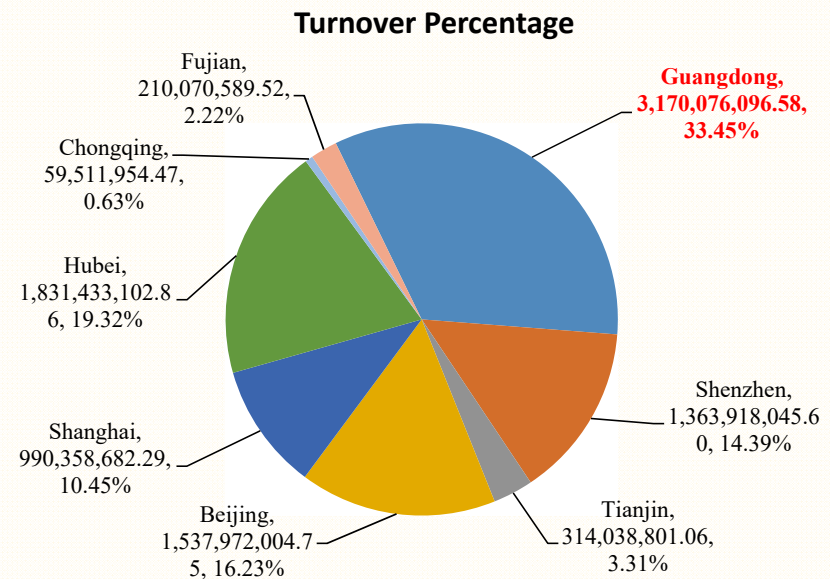
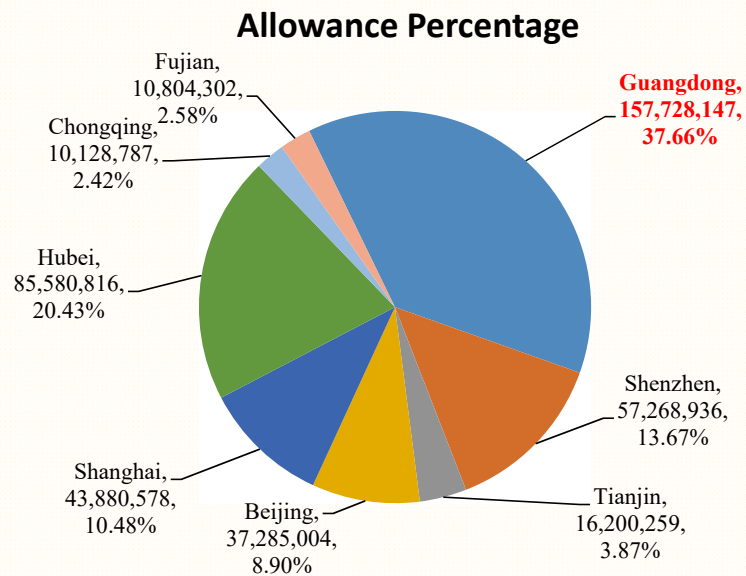
Shengtai Emissions Reductions (STCER)

STCER is certified, signed and issued by the ecological compensation platform and can be used for public welfare, poverty alleviation and carbon-neutralization.

2. GD Carbon Market

GDEA Trading

- Ranking the first both in cumulative trading volume and cumulative turnover among other national pilots
- Giving rise to be the third largest carbon trading market after the EU ETS and Korean ETS internationally








2. GD Carbon Market

PHCER Trading



The Pu Hui Offset crediting mechanism is a subnational mechanism that credits emission reduction activities within the province of Guangdong. PHCERs are primarily intended to be used by compliance entities under the Guangdong pilot ETS. Similar to other Chinese subnational mechanisms, project applying for PHCERs are not eligible to apply for CCERs and vice visa.

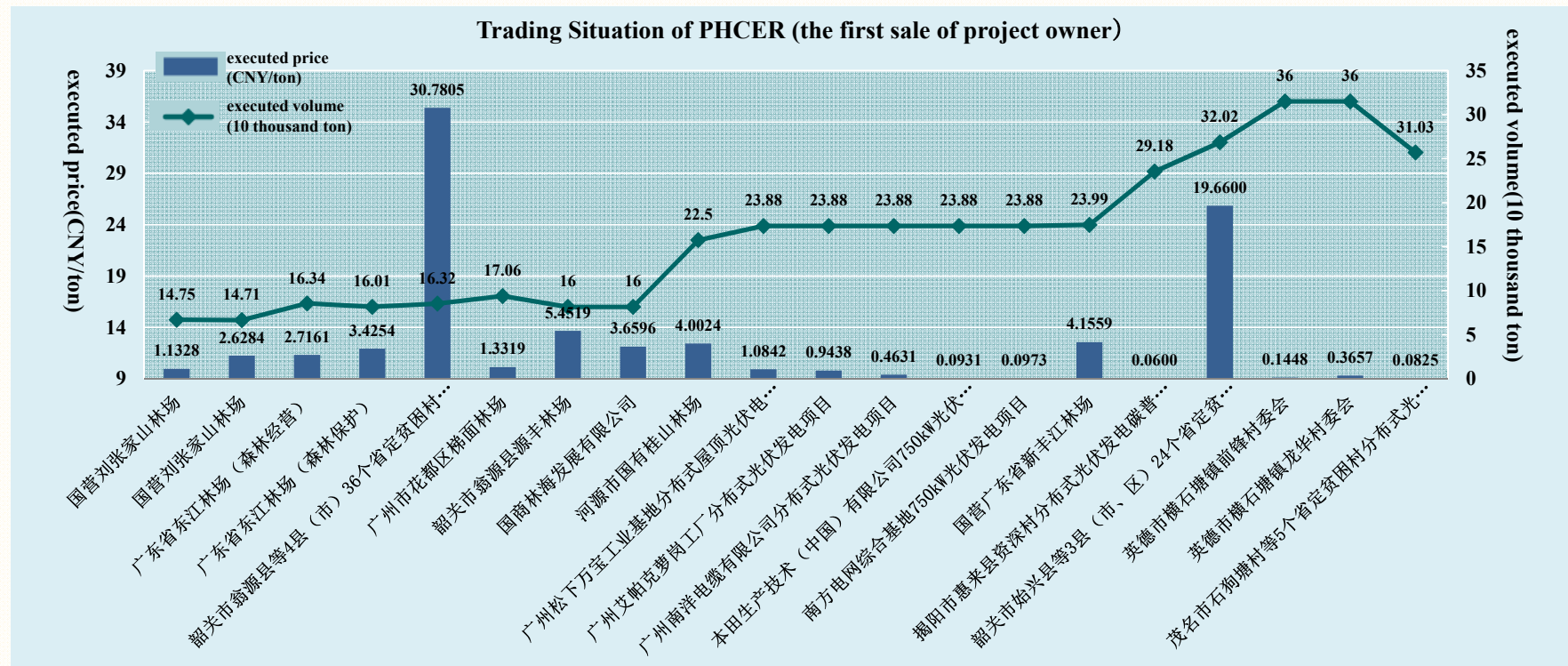
Guangdong Pu Hui Offset Crediting Mechanism	Geographic coverage	Province of Guangdong
	Countries with projects	1
	Carbon Pricing initiatives accepting issued credits for compliance	Guangdong pilot ETS
Administered by	Guangdong Ecology and Environment Bureau	Project types  forestry carbon sinks  distributed photovoltaics  energy-saving air conditioning  domestic air-source heat pumps  cycling
Established in	2017	
Registered activities	69 1.52 million tons issued	
Credit name	Pu Hui Certified Emissions Reductions (PHCERs)	

2. GD Carbon Market

PHCER Trading



As of early September, 2020, the cumulative trading volume of PHCER was around 3.46 million tons in total and the turnover reached almost 59.59 million CNY.



2. GD Carbon Market PHCER Trading Practices



南方日报 高度决定影响力

2018年8月10日 星期五 返回头版 版面导航 标题导航 往期报纸 下载南方+

广东地方
韶关加大青山绿水保护力度
政府办事“窗口”午间延时服务

韶关探索“林业碳汇+精准扶贫”
65个贫困村碳普惠交易额达2200多万元

2018-08-10 我有话说 (0人参与)

“没想到我们世代守护的山林可以直接换来收入，绿水青山果真是金山银山，以后我们要更加努力地爱林护林。”谈起碳普惠项目给翁源县坝仔镇上洞村带来的好处，村民刘保成笑得合不拢嘴，仅此一项，该村即可获得150多万元收入。

省定贫困村上洞村在林业碳普惠项目上取得的成果是韶关探索“林业碳汇+精准扶贫”新时代生态文明发展之路的缩影。笔者8月9日从韶关市发改局了解到，在去年开创全省碳普惠核证自愿减排量上市交易先河的基础上，今年以来，该市依托优越的生态优势，积极推广林业碳普惠试点成果，在全市7个县（市、区）筛选出条件成熟的64个省定贫困村和1个少数民族村成功开发林业碳普惠项目，预计碳普惠核证减排量1019424吨，交易额达2200多万元。

葱郁绿林为脱贫攻坚赋能

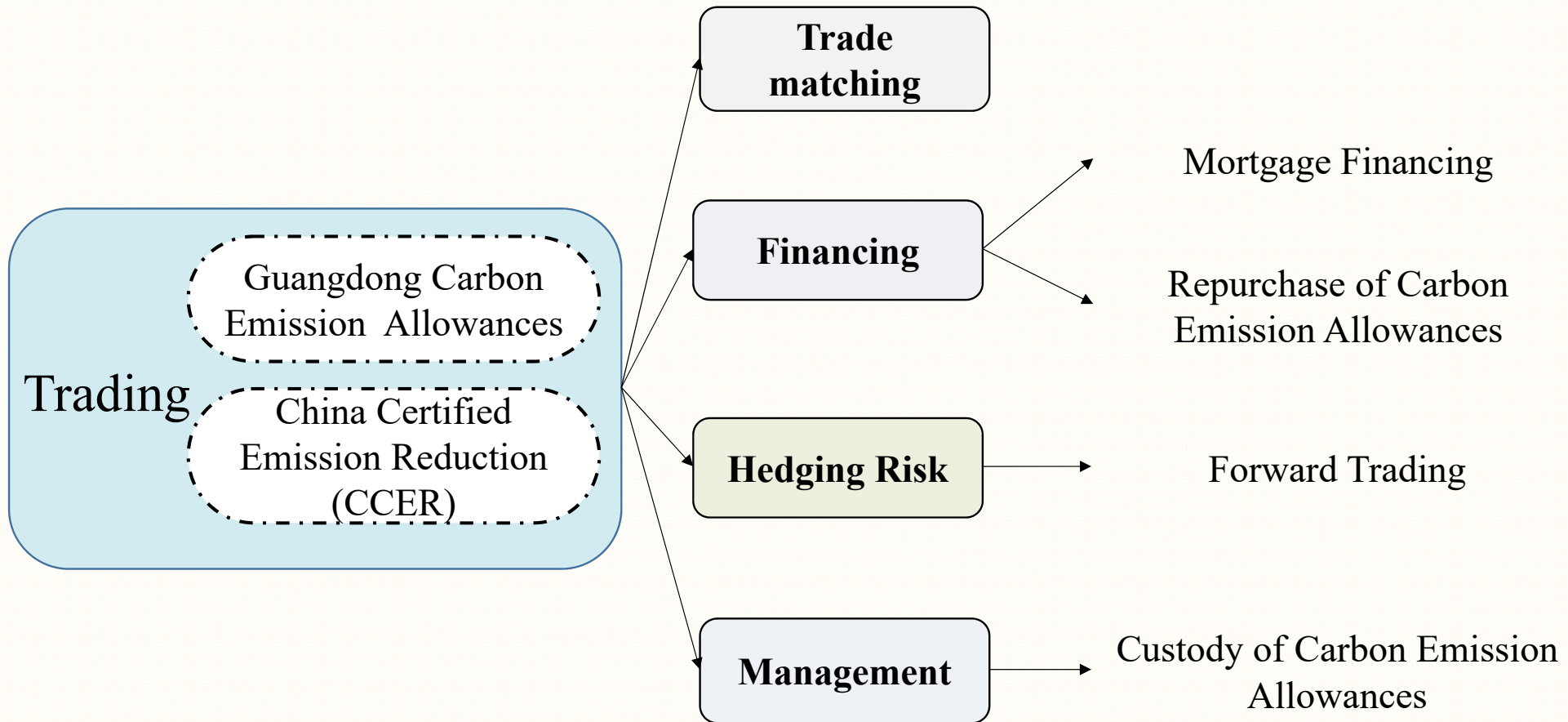
第A06版：广东 地方

▼ Authorized by the Shaoguan government, CEEX has held bidding activities twice for the project owners from poor villages in Shaoguan in June, 2018 and November, 2019 respectively, which have generated over 10 million CNY revenues and hence provided support for local poverty alleviation.

▼ The project implemented in Shaoguan falls into the forestry carbon sinks project type. And there are also some projects such as distributed photovoltaics projects and cycling projects being carried out but forestry carbon sinks projects are still the majority.

2. Carbon Market

Carbon Financial Services



The Relationship between Carbon Finance & Green Finance



The carbon finance market is an important drive to green finance development.

The carbon finance system is clear, and relatively more operable.

- In terms of project boundary, methodological standard, incentive mechanism and coverage, carbon finance can serve as a powerful tool for the deep tapping of green finance
- **First, a clear boundary of the carbon market is good for project identification.**
- **Second, a clear price signal of the carbon market is helpful for pricing of green assets.**
- **Third, a self-recyclable positive motivation mechanism of the carbon market helps solve the issue of inadequate self-motivation of green industry development**



3.Green Finance



Domestic Policy System for Green Finance

- In August 2016, seven ministries and commissions including the People’s Bank of China jointly issued the Guidelines on Establishing the Green Finance System, stressing the orderly development of **carbon finance products and derivatives**, including carbon forward, carbon swap, carbon option, carbon lease, carbon bond, carbon asset securitization and carbon fund.
- In June 2017, the State Council held an executive meeting, approving the establishment of **green finance reform and innovation pilot** in the five provinces (autonomous regions) of Zhejiang, Jiangxi, Guangdong, Guizhou and Xinjiang.
- The Master Plan for the Establishment of the Green Finance Reform And Innovation Pilot in Guangzhou, Guangdong Province proposes to explore “**turning carbon emission rights and other environmental rights, and their income rights into acceptable collaterals practically**”, “driving carbon asset mortgage loan operations”, “setting up carbon funds”, etc.



Strategic opportunities
for the great
development of carbon
finance are about to
arise!

3.Green Finance

CEEX's Roles in Green Finance



Secretariat of Guangdong
Green Finance Committee

Initiator of Guangdong-
Hong Kong-Macao
Green Finance
Exchange and
Cooperation Alliance

Green Finance
Standards Task Force of
CFSTC

Member of National
Green Finance
Committee

Construction and
Operation of
Guangdong Green
Projects Library





Participate in Green Finance Standards top-level design

Standards of
Carbon Finance
Products

Standards of
Environmental
Rights Financing
Products

Standards of
Green Funds

Standards of
Environmental
Information
Disclosure

Pilot Zones

Pilot Zone (Guangdong) for Carbon Emission Allowances Mortgage

Pilot Zone for Marketization Ecological Compensation Based On Forestry Carbon Sink.

3.Green Finance

Construction of Green Project Library



Responsibility of CEEX

- Selection and recognition of green projects in Guangdong province (Guangzhou);
- Assist Municipal Financial Bureau in formulating the administration regulations on green companies and green projects;
- Encourages the green companies and projects to carry out the recognition;
- Issues and manages the list of identified green companies and projects.

The projects in the list will be treated as the long-term capital of green bond issuance and also be recommended to the foreign investors; **Import of foreign technologies and financial resources will be supported.**

Construction of Green Project Library in CEEX

Establish green projects registry

1. Information acquisition section
2. Information decision section
3. Information display section

Set up the management department of green project library

1. **Group I:** the green projects supported by special financial funds and government investment funds;
2. **Group II:** the green projects related to government procurement service;
3. **Group III:** the green projects related to the equity investment or entrepreneurship ;
4. **Group IV:** projects information collection, verification of materials, and management of the project library

Establish the green projects management procedures

1. Identification of projects fields;
2. Projects classification and related standards formulation
3. Project application
4. Project management (statistics, promotion, motivation, delivery from library)

3. Green Finance Platform for Ecological Compensation Based On Green Finance System



General idea

- **Establish** trading system of ecological compensation
- **Upgrade** the Guangdong green elements exchange;
- **Carry out** the resource and environment (mainly composed by ecological products) trading;
- **Trial** of cross-region green elements trading and helping precision poverty alleviation.



The first ecological compensation project implemented was forestry carbon sinks from Huizhou Shuimei villiage. SEE Pearl River Center purchased the credits and the revenues generated from the trading were used in the protection work of local pangolin.

Operation mode

1. **Launch** qualified ecological products;
2. **Upgrade** green projects library, select green projects about ecological compensation, and support the development of ecological compensation in Guangdong with support of green finance
3. **Establish** ecological compensation green funds through combining financial fund and social capital;
Support the development of green technologies through investment funds;
Create a market-based mode for ecological compensation

3. New Energy Assets Investment and Financing



Sino-REIF

- Founded in January, 2018;
- Instructed and supported by National Energy Administration, Huadu government and other governmental authorities;
- Led by CEEEX and China New Energy Investment and Financing Alliance;
- Cooperated with HYDROCHINA Engineering Consulting Co.,Ltd and Renewable Energy Department of China Electric Power Research Institute;



Platform for New Energy Assets Investment and Financing



Investment & Financing

- Selection of projects and construction ratio of project library
- Direct financing for companies
- Establish a platform for cooperation between government, banking, enterprises and society
- Comprehensive financial services, including credit, guarantee, insurance, and international settlement

Trading

- Formulate the guidelines of new energy assets trading
- List the new energy assets
- Married deal of new energy assets trading
- Settlement and supervision service for assets transaction

Value-added logistics service

- Valuation and risk Assessment
- Credit rating
- Legal adviser and accounting services
- Data acquisition for industry technical index, quality and absorption capacity of power grid

Platform Performance

- 148 new energy assets projects included (2.5GW total capacity);
- More than 1 billion yuan in renewable energy financing needs;
- Cooperation with 126 well-known new energy investors;
- Strategic cooperation with 20 industry research institutes.



Thank you!

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