

SNAPSHOT

MEASURES FOR THE ADMINISTRATION OF VOLUNTARY GREENHOUSE GAS EMISSION REDUCTION TRADING (Trial)



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China’s Ministry of Ecology and Environment (MEE) and the State Administration for Market Regulation (SAMR) jointly issued the Measures for the Administration of Voluntary Greenhouse Gas Emission Reduction Trading (Trial). These Measures aim to regulate activities associated with market trading of national voluntary greenhouse gas emission reductions, supporting China’s commitment to peak carbon emissions and achieve carbon neutrality.

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► General Provisions

01 General Principles



National voluntary greenhouse gas emission reduction trading is market-oriented, and its related activities adhere to the principles of **equity, justice, openness, integrity, and voluntariness**.

02 Applicant and Trading Participants

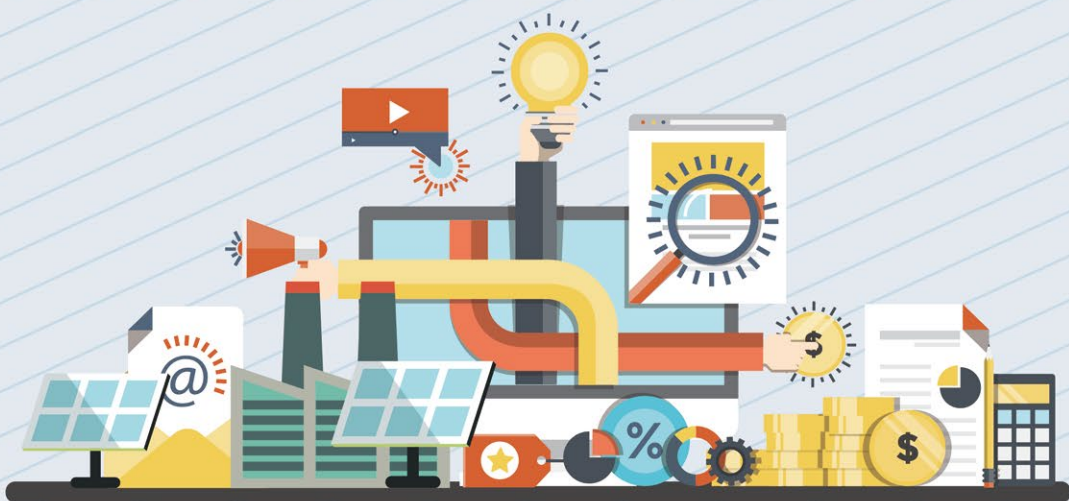


Eligible Applicant

Juridical person and other legally established organizations within the territory of the People's Republic of China

Trading Entities

Juridical persons, legally established organizations, and natural persons who adhere to applicable regulations



03 Institutional Structure and Governance

MEE establishes a standardized national **registration institution**, **registration system**, **trading institution**, and **trading system** for voluntary greenhouse gas emission reductions.

➤ Registration Institution:

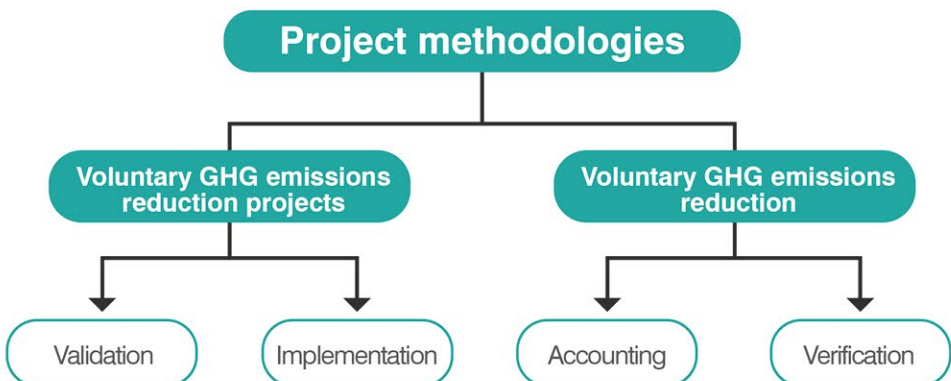
The registration institution is responsible for operating and managing the registration system, handling the registration and cancelation of emission reduction projects and emission reductions.

➤ Trading Institution:

The trading institution is responsible for operating and managing the trading system, providing centralized and unified trading and settlement services for verified voluntary emission reductions.

04 Project Methodologies

The project methodologies serve as the basis for the voluntary emission reduction project validation and implementation, and accounting and verification of voluntary emission reductions. Project methodologies are issued by the MEE.



► Project Validation and Registration



Qualified Projects



Project contributes to **carbon abatement and sequestration, avoiding or reducing** GHG emissions, or **achieving** GHG removal.



Projects must exhibit **authenticity, uniqueness**, and **additionality**.



Projects shall fall under the areas supported by **project methodologies published by the MEE**.



Project construction commenced after **November 8, 2012**.



Project meets the requirements of **sustainable development** without adversely impacting various facets of sustainable development.



Projects obligated under laws, regulations, and national policy to reduce GHG emissions, or projects that are included in the national and local carbon emission trading market, should not apply to register as voluntary GHG emission reduction projects.



Project Application Process



Project owner prepares the project design document.

Project owners publicly disclose project design documents and the name of the validation and verification body they have commissioned.



The validation and verification body reviews the project design document, issues and publicly discloses the project approval report.

The validation and verification body shall commit to the project approval report's compliance, authenticity, and accuracy.



Project owners apply for project registration.

Project owners shall commit to the project's uniqueness and the material provided is authentic, complete, and valid.



The registration institution reviews the project application materials, processes the registration of the project that passes the review, and publicly discloses all the project owner's application materials.

The original records and management ledgers of the data and information related to project design documents **shall be retained for a minimum of ten years** following the project's last emission reduction registration.

► Emission Reduction Verification and Registration

Projects registered by the registration institution are permitted to register their emission reductions.

Qualified Emission Reduction

- ✓ Emission reductions are **measurable, traceable, verifiable** and **consistent with the conservatism principle**.
- ✓ The emission reductions must comply with **the project methodologies issued by the MEE**.
- ✓ The emission reductions must be generated **after September 22, 2020**.
- ✓ The emission reductions are generated **within the eligibility period of project registration**.



Project owners may apply for emission reduction registration in multiple installments. The emission reductions applying for registration in each installment must have been generated **within five years** of the date of its registration application.



Emission Reduction Application Process

Project owner prepares the emission reduction accounting reports.

Project owner publicly discloses the emission reduction accounting report and the name of the commissioned validation and verification body. **(The body responsible for project validation shall not be commissioned to carry out emission reduction verification for the same project.)**

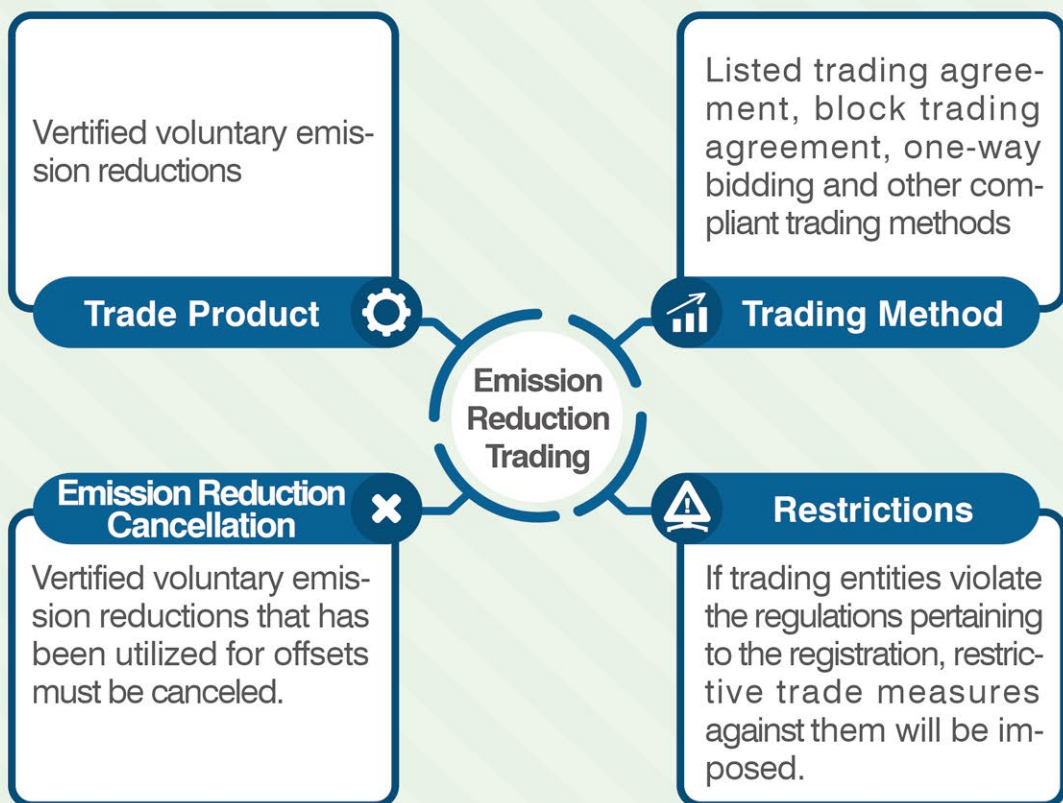
Validation and verification body reviews the emission reduction accounting report, issues a verification report, and disclose it to the public. **(The agency is committed to the report's compliance, authenticity, and accuracy.)**

Project owner applies the registration of emission reductions to the registration institution. **(The project owner commits to the emission reduction accounting report's authenticity, completeness, and validity.)**

The registration institution reviews the emission reduction application materials, registers the emission reductions that meet the requirements, and discloses all project owner's application materials to the public.

The original records and management ledgers involved in the emission reduction accounting report shall be kept **for at least ten years after the last registration of emission reduction.**

► Emission Reduction Trading



► Oversight of Validation and Verification Bodies



Approval of the Validation and Verification Bodies



The body has technical and administrative capabilities that are commensurate with validation and verification activities.



SAMR and MEE collaboratively develop and release the operational need for validation and verification bodies, assess approval applications of validation and verification bodies, and with MEE's confirmation, determine the approval of the applications.



Once approved, validation and verification bodies may conduct relevant activities.





Conduct



Validation and verification body should only carry out relevant activities **within the scope of their approved activities and strengthen self-discipline.**



Validation and verification body must conduct their validation and verification activities with **completeness, objectivity and truthfulness**, and **maintain a comprehensive record** of the validation and verification process.



Validation and verification body must submit annual work reports to **SAMR** and **MEE**



Technical Support

MEE and SAMR will jointly establish **the Validation and Verification Technical Committee.**

► Supervision and Management



Ecological and Environmental Authorities

> MEE:

MEE guides and supervises local authorities in conducting inspections on voluntary GHG emission reduction related activities. The ministry also investigates and punishes unlawful acts with significance and major social impact.

> Provincial-level Ecological and Environmental Authorities:

Provincial-level ecological and environmental authorities carry out inspections for registered voluntary GHG emission reduction projects and emission reductions within their administrative region, address public accusation, and investigate and penalize unlawful activities.

> Municipal-level Ecological and Environmental Authorities

Municipal-level ecological and environmental authorities at the district level shall cooperate in implementing on-site inspections.



Market Administration Authorities



Market supervision administration authority carries out routine supervision and inspections of validation and verification activities, taking measures against unlawful activities, categorizes and oversees validation and verification bodies.



Joint Supervision



- > Ecology and environment authorities and market supervision administration authorities will establish **mechanisms for information sharing and coordination**.
- > Ecology and environment authorities will share **issues discovered** during supervision and inspection to the market supervision administration authorities.



Public Supervision



Any organization or individual has the right to report fraudulent activities or other unlawful actions associated with voluntary GHG emission reduction trading.

► Legal Liability

Refusal of Supervision and Inspection

An entity shall be ordered by the inspection authorities to **rectify their actions**. They may be subject to a fine ranging from **CNY 10,000 to CNY 100,000**.

Project Owner's Liability

Provide Fraudulent Materials:

Project owner shall be subject to **rectify their actions** and may **subject to a fine**.

Intentionally Provides False Information:

the project registration will be revoked, and the registration application from the project owner will not be accepted **for three years**.

False Voluntary Emission Reductions:

Project owners will have their trading suspended and be ordered to cancel the equivalent amount of emission reductions. **If the falsely certified emission reductions are not cancelled** within the specified period, they shall be forcibly canceled, ordered to return the deficient portion, and subject to be fined. Any future registration application from the project owner will no longer be accepted.

Validation and Verification Bodies Liability

In the event of any illegal activities or activities against regulation, disciplinary actions will be enforced based on the **Regulation of the People's Republic of China on Certification and Accreditation**. These actions include orders for **correction, fines, business suspension for remediation, revocation of approval, seizure of illicit profits, and subject to public disclosure.**

Trading Participants Liability

Trading entities that violate these measures by **manipulating or disrupting** the national voluntary GHG emission reduction trading market may **be subject to reprimand and fines.**

Supervision Institutions and Authorities Liability

In the event of any illegal activities or activities against regulation, the relevant authorities shall be ordered to **rectify and take disciplinary action in accordance with the law**, or the situation will **be addressed based on other applicable laws and regulations.**



► Supplementary Provisions

Solutions for Historical Registration

☒ **Projects that have been documented before March 14, 2017:**

Shall reapply for registration in accordance with these Measures.

☒ **Emission reductions that have been documented before March 14, 2017:**

Can continue to be used in accordance with relevant regulations.

