



# Monitoring, Evaluation and Revision of an ETS



### Monitoring, evaluation and revision of an ETS: why shall we do it?

- To improve and amend the existing ETS
- To provide experiences and lessons for nationwide ETS development
- To demonstrate the effectiveness of ETS in terms of GHG emission reduction and other co-benefits
- To identify and analysis the factors that has the impact on the success of ETS
- To enrich the empirical research on ETS
- To share experiences with other jurisdictions



### Monitoring, evaluation and revision of an ETS: approaches applied in China

- Delegate national think-tank to conduct comprehensive assessment on pilots experiences and lessons
- Reinforce the frequent communication with pilots and establish periodical communication protocol
- Organise pilot experiences exchange workshop between center and pilots government, or among different pilots
- Combine pilots performance evaluation with the obligatory annual investigation on regional carbon intensity target reduction
- Apply for international cooperation fund to support pilot assessment



# Monitoring, evaluation and revision of an ETS: Assessment indicators proposed by researchers

#### **ETS** pilot assessment indicators

#### **Scheme development**

- Legislation foundation
- Fundamental mechanism
- Infrastructure development
- Supportive policies and measures

Target on the key segments to ensure the operation of ETS

#### **Market performance**

- Market liquidity
- Interdependency of market price
- Correlation with other markets

Target on the operation factors in market in terms of capital, technology and economy

#### **Effectiveness**

- Compliance ratio
- Ecological and environmental benefit
- Social and economical benefit

Target on the contribution of ETS to address climate change and other cobenefits



### Monitoring, evaluation and revision of an ETS: further works to be done

Weighting properly different indicators

Quantitative analysis

through modeling

Qualitative plus quantitative to produce a comprehensive assessment

Furtherly elaborate indicators

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# Monitoring, evaluation and revision of an ETS: key findings through preliminary evaluation

- Legislation is the cornerstone for the operation and management of ETS
- Credibility and accuracy of GHG emission data is the key to ensure the effectiveness of ETS
- The need to achieve the ambitious GHG emission target requires tighter allowance allocation, and transition from free allocation to auction
- Market liquidity is one of biggest challenges that appeals introduction of trading derivatives and finance innovation in ETS
- Capacity building plays more important role than you anticipated
- The players will chose to leave for a market without transparency and stability of policies





