

# A policy update, from California to China

July 13, 2016

Dentons' Climate Change team addressed a wide range of topics during a seminar in our San Diego office, which was also broadcast and recorded as a webinar. Shanghai partner Nancy Sun examined China's coming cap-and-trade program, while partners Brian Fish, John Leslie and Jeffrey Fort addressed recent developments in California, including the new solar renewable fuel standard, the Air Resource Board's Short-Lived Climate Pollutant policy and the effect of climate issues on real estate development.

Nancy's presentation covered the current China carbon markets, including the seven regional markets which have been operating since 2013. Those markets have traded about 48 million metric tons, in two products: the Emission Quota and the China Certified Emission Reductions (CCERs). Shanghai had the largest volume of trading, and had offset rules which are more flexible, which attracted more participants. Several foreign entities are already members of the regional pilot markets. Several different types of carbon finance have been used, with current opportunities in carbon repurchase; carbon assets management; and carbon funds, trusts and pledges. President Xi Jinping has announced a national emissions trading scheme for 2017 focused on eight industrial sectors: petrochemicals, chemicals, building materials, iron and steel, nonferrous metals, paper making, electric power and aviation. The National Development and Reform Commission will determine the total quantity of allowances available to operators, based on their emissions histories and average industrial emission reduction volumes to be required. Products available will include futures, in addition to allowances and CCERs.

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