An Investment Perspective to Carbon Trading

Workshop organised by
CUHK Faculty of Law

in cooperation with
Konrad-Adenauer-Stiftung

and

Asia Pacific Centre for Environmental Law, National University of Singapore

17 November 2017, 9:00am - 6:45pm
Moot Court, 5/F, Lee Shau Kee Building, CUHK, Shatin
**Background**

Recent years have seen a shift of focus in the development of emissions trading schemes (ETS) to Asia, leading to the implementation of ETS in China, South Korea, Japan (Tokyo) and Kazakhstan. The use of ETS in Asia follows the adoption of carbon trading as a cornerstone of the European Union climate policy. In theory, carbon trading aims to achieve emission reductions more cost-effectively than traditional regulation and taxation. However, in practice, ETS has so far largely failed to drive low-carbon investments. In the EU, for instance, investors heavily criticise the EU ETS for the volatility and insufficient levels of carbon prices. As a result, the EU ETS is undergoing a reform process, with the focus stimulating low-carbon investments. Amongst others, higher and more stable carbon prices are needed to drive the decarbonisation of the economy.

In Asia, the relationship and interaction between ETS and low-carbon investment are still largely underexplored in the environmental law scholarship. This workshop aims to reflect on the EU experience to understand the regulatory implications (and economics) of ETS for low-carbon investments in Asia, and in particular in China. China – the world’s largest emitter of greenhouse gas emissions – is in the process of creating a national ETS to stabilise and eventually reduce its carbon emissions. Taking a legal perspective, this conference examines the effectiveness of ETS in stimulating investments in the decarbonisation of energy supply in the EU and China. It analyses the regulatory obstacles to the role of ETS as a driver of low-carbon investments and looks at possible solutions based on a comparative legal approach to climate regulation.
Venue: Moot Court, Level 5, Faculty of Law, Lee Shau Kee Building, The Chinese University of Hong Kong

09:00 – 09:15 Registration

09:15 – 09:30 Opening Session – Setting the scene

09:30 – 10:30 Session 1 – ETS as Driver of Low-carbon Investments? The Experience of the EU ETS

Chair: Jolene Lin – National University of Singapore

• Slouching Towards Effectiveness: The Travails of the EU ETS – Navraj Singh Ghaleigh (Senior Lecturer, University of Edinburgh) (topic to be confirmed)


10:30 – 11:00 Coffee break

11:00 – 12:30 Session 2 – The ETS and Low-carbon Investments in China: Lessons from the Seven Pilot Schemes

Chair: Yuhong Zhao – CUHK Law

• Price Stabilization under the Pilot Schemes – Banban Wang (Huazhong University of Science and Technology)

• The Analysis of the Practice of Emission Right Mortgage and its Legal Risk -- Emission Right Mortgage Legislation and Practice in mainland China – Zhiping Li (Sun Yat-sen University)

• The Experience with Price Stabilization in Hubei – Guangxing Yang (China Hubei Emission Exchange)

12:30 – 13:30 Lunch (speakers and invited guests)

13:30 – 15:00 Session 3 – Conceptualizing “Investment” in the Design of China’s National ETS: Regulatory and Institutional Perspectives
Chair: Navraj Singh Ghaleigh – University of Edinburgh

- *China’s Policy on Low-carbon Investments* – Bu Li (Development Research Centre of the State Council)
- *ETS and Carbon Taxation in China* – Yan Xu (CUHK Law)
- *The Role of the Market and Traditional Regulation for the Decarbonization of the Chinese Power Sector* – Hao Zhang (CUHK Law)

15:00 –15:30  Coffee break

15:30 – 17:30  Session 4 – Low-carbon Investments in the Global and Regional Carbon Markets

Chair: Hao Zhang – CUHK Law

- *The Quest for Sustainable Development and Market Stability - Lessons from the CDM* – Jolene Lin (National University of Singapore)
- *Emission Trading in a Policy Stew: A Case Study on China’s CDM Wind Power Projects* – Yuan Xu (CUHK, School of Geography)
- *ETS in Kazakhstan: Looking Back to Look Ahead* – Shreekant Gupta (Delhi School of Economics and Nazarbayev University), Peter Howie (Nazarbayev University), Daulet Akhmetov (Nazarbayev University)
- *Korean ETS, Is It a New Investment Opportunity?* – Byungchun So (Ajou University)

17:30– 18:30  Roundtable Discussion: ETS as Driver of Low-carbon Investments

Moderator: Peter Hefele – Konrad-Adenauer Stiftung | Energy Security and Climate Change Program in Asia Pacific

18:30 – 18:45  Concluding Remarks

19:00   Dinner (speakers and invited guests)