

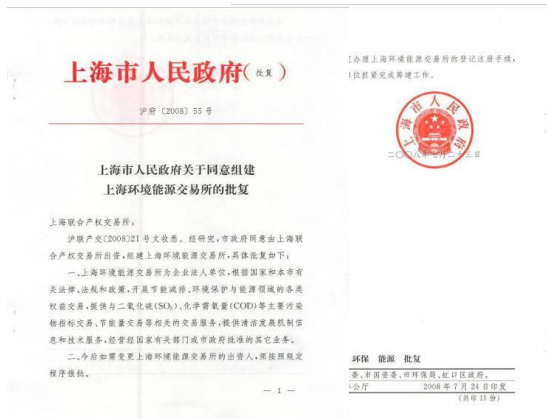


INTRODUCTION OF SEEE

Establishment of SEEE



- The National Development and Reform Commission of China started to consider market mechanism to achieve GHG emission reduction.
- Approved by Shanghai Municipal Government, SEEE was established on August 5, 2008.



Shareholding Structure



Shareholders

Shanghai United Assets and Equity Exchange

China Clean Development Mechanism Fund

Yingda International Holdings Co. ,LTD

Sinopec Group

Baowu Steel Group Corporation

Huaneng Carbon Assets Management

Shenneng Group Co.,LTD

Shanghai Energy Saving Centre

Shanghai Alliance Investment LTD.

Shanghai Electric Power Corporation

South-South Global Assets and Technology Exchange

Qualifications



Designated CCER trading platform



Designated Shanghai Carbon trading platform



Member of the Green Finance Committee of PBC



Member of CTCN of the UNFCCC



Host organization of Track IV of the SS-GATE system

Core Business



Carbon Trading and Carbon Finance

- Carbon Spot Trading
- CCER Trading
- Carbon Finance Innovations

Low Carbon Environmental Services

- Green Finance
- Low Carbon Consulting



CARBON TRADING AND CARBON FINANCE IN SHANGHAI

Development of Trading



Time Period	Objects of Trading
2009-2011	Clean Development Mechanism Projects
2011-2013	Voluntary Emission Reduction
2013-2016	Shanghai Emission Allowance (SHEA13, SHEA14, SHEA15) China Certified Emission Reduction (CCER)
2016-present	Shanghai Emission Allowance (SHEA), CCER Shanghai Emission Allowance Forward (SHEAF)



Trading Rules

- **Objects**
 - Carbon Emission Allowances(SHEA)
 - CCER (China Certified Emission Reductions)
- **Methods**
 - Open Bidding
 - Negotiation transfer
single transactions over 100,000 tons
- **Price**
 - No fixed price (single transactions \geq 500,000 tons, negotiation transfer)
 - Ranges from $\pm 10\%$ (single transactions $<$ 100,000 tons, open bidding),

National Carbon Market



Official Launched

December 19, 2017

Coverage

Power Generation Industry (first brought into)

Executive Summary

Construction plan of the national carbon emission trading market (power generation industry), published by NDRC

Course of Action

Phase1(About 1 year): Infrastructure period.

Complete the national unified data report system, registration system and transaction system

Phase2 (about 1 year): Simulation run period

Carry out simulation trading of power generation carbon allowances.

Phase 3 :Deepening perfecting period

Carry out carbon spot trading among the trading entities in the power generation industry. Official Released(2019-2020)



CARBON FINANCE INNOVATIONS

Carbon Finance



Carbon Loans



Carbon Margin Trading



Carbon Fund

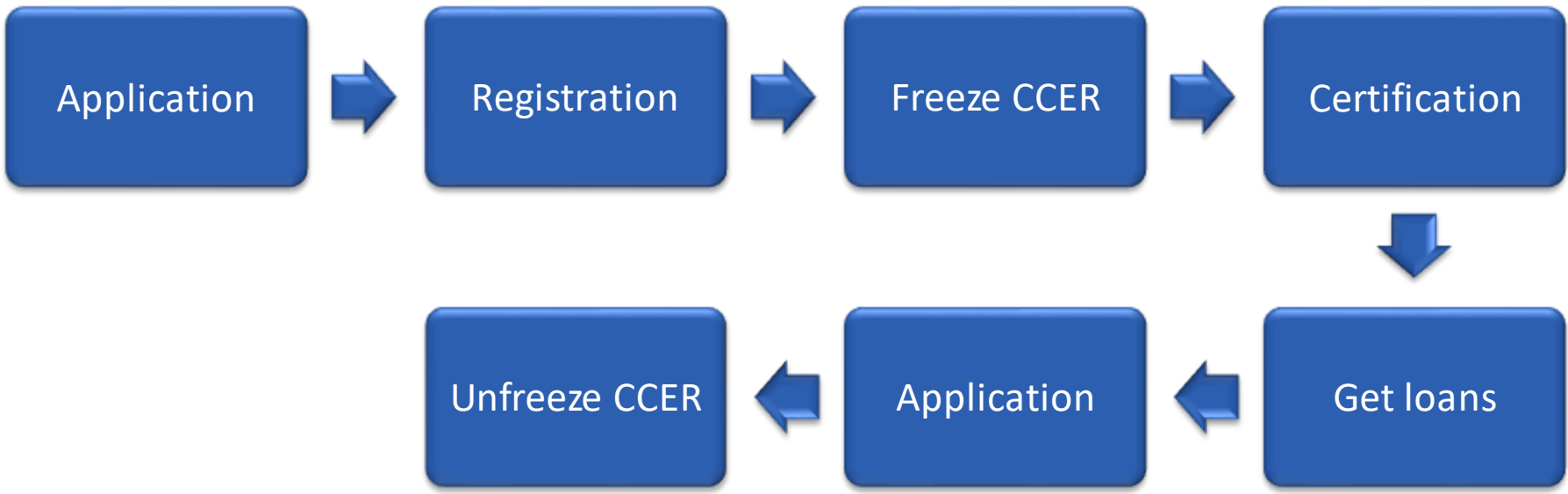


Carbon Forward

CCER Pledge Loans



On 11th December, 2014, China's first CCER pledge loan contract was signed at SEEE.



Carbon Fund



In January 2015, a Carbon Fund with 200 million RMB was established to invest in CCER.



Carbon Margin Trading



- Reality of Shanghai Carbon Market
 - Pilot companies trade to meet compliance requirements
 - Lack of liquidity

- Carbon Margin Trading

Eligible institutions to deposit a certain amount of margin to borrow a certain amount of Shanghai carbon emission allowances from eligible enterprises or institutional investors at SEEE. By the expiration of the borrowing term, the borrower returns the allowances to the lender and pays the agreed proceeds.

Carbon Margin Trading



In August 2015, Shenneng Group signed contracts with 4 power companies in August 2015 to trade 200,000 tons of carbon allowances.

Between December 2015 and February 2016, three carbon asset management companies signed three contracts with two power companies to trade 2.6 million tons of allowances.

Pilot companies actively participated.



Carbon Forward



Contract	Shanghai Emission Allowance Forward(SHEAF)
Lot Size	100 tonnes
Price Quotation	CNY per tonne
Tick Size	0.01CNY per tonne
Contract Series	Month Contract: February, May, August, November, up to one year
Trading hours	Business day:10:30-15:00(GMT+8)
Daily Settlement Price	Forward Curve published by SHCH
Last Trading Day	The Last fifth/third business day of the contract month
Delivery Type	Physical/Cash Delivery
Final Settlement Price	The arithmetic average of the last 5 trading days' forward curve, up to 2 decimals
Final Settlement Day	The following business day of the last trading day

Benefits-Carbon Forward



- Providing a basic tool of hedging price risk, as well as fulfilling the needs of financing and physical delivery, which helps enterprises to manage carbon assets.
- Providing both cash and physical deliveries, enabling investors to choose either one flexibly.
- CCP clearing service prevents counterparties' default risk.

Contact us



Shanghai Environment and Energy Exchange

Address: B1,121 North Road, Hongkou District, Shanghai, China

Zipcode : 200083

Phone : +86 21 56903000

Fax : +86 21 56908692

Website : www.cneeex.com



上海环境能源交易所