

## China launches new carbon credit program

**China Certified Emission Reductions (CCER) is a carbon reduction program backed by the Chinese government. CCER is expected to play an important role in achieving China's renewable energy targets. China is aiming for 50 percent of new factory roofs to have solar panels by 2025. Under CCER, renewable energy producers receive allowances that can be sold at China's national carbon emission market, which started in 2021. Roof-based solar power plants are an example of projects that can benefit economically from CCER.**

The price of emission allowances in China's national carbon market averaged about CNY 58 per ton of carbon dioxide in 2022. According to a 2021 study, solar energy reduces carbon dioxide emissions by 0.6-0.8 kg per kWh produced in China. If the CCER price is equal to the price of China Emission Allowances (CEA), it would mean that CCER provides about 0.03-0.05 CNY (0.045-0.075 SEK) per kWh of solar energy produced in China. Our assessment is that the CCER system of emission allowances will begin in the fourth quarter of 2023 and will be available to Advanced Soltech sometime in the second half of 2024.

Advanced Soltech's CEO, Max Metelius, comments:

This is good initiative from the Chinese authorities that will benefit the buildout of solar energy and Advanced Soltech.

With Advanced Soltech's expected electricity production in 2024 and with the 2022 average prices for emission allowances, the company estimates an annual improvement in profit before tax of SEK 8-15 million, after transaction costs.

### **For more information, please contact:**

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## About the China venture

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in China ASAB operates through, its wholly owned local subsidiaries Advanced Soltech Renewable Energy (Hangzhou) Co. Ltd, ASRE and Longrui Solar Energy (Suqian) Co. Ltd. The business model consists of financing, installing, owning and managing solar energy installations on customers' roofs in China. The customer does not pay for the plant, but instead enters an agreement to buy the electricity that the plant produces under a 20-year agreement. Current income comes from the sale of electricity to customers and from subsidies. The goal is to have an installed capacity of 1,000 megawatts (MW) which is fully connected to the electricity grid by 2026.

ASRE and Longrui Solar Energy (Suqian) Co. Ltd. are wholly owned subsidiaries of Advanced Soltech Sweden AB (publ).

## Attachments

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