

# Energy Conservation Policies and Measures of China

## **1. National Energy Conservation Strategy of China**

China, based on the basic national policy of conserving resources and protecting environment, has been persisting in the energy development strategy of making efforts simultaneously to conserve energy and exploit it while giving first priority to the former,

## **2. Energy Conservation Policy, Law, and Regulation System Focusing on Energy Conservation Law**

The newly revised Energy Conservation Law has been implemented officially from April 1<sup>st</sup>, 2008, in order to establish an energy conservation policy, law and regulation system focusing on such law. The new revision has:

( 1 ) stipulated a series of energy conservation administration system, e.g. implementing energy conservation target & responsibility and assessment system, and energy conservation assessment and examination system for investment project etc.;

( 2 ) expanded the law adjustment range through adding energy conservation provisions for architecture, transportation and public organization while completing industrial energy-conservation provisions, and ascertained the system of enhancing administration on important energy-consuming organization and implementing energy-consuming report;

( 3 ) determined the function of energy-conservation standard and energy efficiency labels through establishing compulsive energy efficiency standard for energy-consuming products (equipment), compulsive energy consumption limit for high dissipative products, architectural energy-conservation standard, and energy efficiency label management to energy consuming products that are widely used and consume much energy; and

( 4 ) increased policy motivation strength through requesting national finance and provincial / local finance institutions to set up energy-conservation fund and implementing pricing and taxation policies favorable to energy conservation.

### **3. Energy-conservation Target of the Eleventh Five Year Plan (the “EFYP”)**

The government has to realize the energy-conservation target of decreasing the unit GDP energy consumption during the period of EFYP by approx. 20%, as required in the Outline of EFYP. The State Council has approved the EFYP energy conservation target for each province (municipality/autonomous region), based on which annual energy conservation target is established.

### **4. Main Energy Conservation Measures and Achievements**

In April 2007, the State Council of PRC has issued the comprehensive solution for energy conservation and emission reduction, in which 45 specific methods are provided to make an overall arrangement for the energy conservation and emission reduction work. It is also the route chart for realizing EFYP target. China, while carrying out the Comprehensive Working Program On Energy Saving and Emission Elimination, has taken the principal measures set forth below:

#### **Enhancing Organization Leadership**

In May 2006, the State Council has set up the leading team for energy conservation & emission reduction work, with Wen Jiabao, the premier of the State Council, being the team leader.

#### **Establishing Energy-saving Target Responsibility System**

In 2007, the State Council has approved Implementation Program and Method for Energy Conservation and Emission Reduction Statistics, Observation and Assessment to make assessment on energy conservation target realization by each area and important enterprise and implement the responsibility system.

#### **Facilitating Industrial Structure Adjustment**

In 2007, the regional and annual culling plan of EFYP lagging capacity in 13 high energy consumption and high pollution industries, including steel & iron, nonferrous metals and cement etc., was issued. In each such year, 14,380,000kw of small heat-engine sets shall be shut down, 46,590,000ton of lagging iron-smelting capacity,

37,470,000ton of lagging steel-smelting capacity and 52,000,000ton of lagging cement capacity shall be eliminated.

#### Implementing Important Energy Conservation Projects

The Implementation Opinion on EFYP's Ten Important Energy-saving Projects has been issued for the implementation of ten important energy-conservation projects, including industrial boiler (furnace) reconstruction, regional thermoelectric joint production, surplus heat and pressure utilization, conservation & replacing oil, electric system optimization, energy system optimization, architectural energy conservation, green lighting, governmental energy conservation, energy observation and technical service system. Investment within national budget and national financial fund have been arranged in order to support the implementation of above ten projects.

#### Promoting Energy Conservation in Important Field

The 1000 Enterprise-Implementation Programme of Energy Conservation Action has been issued in order to promote the energy examination, energy conservation planning, energy usage report and bench-marking of those enterprises. The 150,000,000m<sup>2</sup> heat supply metering and energy-conservation reconstruction task has been distributed to each region. The pilot project of energy conservation supervision system for national organization office buildings and large public buildings has been started in 24 provinces and municipalities.

#### Completing Economic Policies Favorable to Energy Conservation

The prices of finished oil and natural gas have been adjusted, and the price of small thermal power has been reduced. Measures of financial reward and governmental allowance have been taken in energy-saving technology innovation, high-efficiency lighting product popularization and lagging capacity elimination. The compulsive energy-saving product purchasing system from government has been established. The income tax reduction/exemption policy for enterprises involved in energy-saving & environment-protecting projects and the income tax deduction/exemption policy for enterprises investing in energy-saving & environment-protecting equipment have been issued. The guidance opinion on improving and enhancing financial services for energy-saving and

environment-protecting field has been issued.

#### Completing Energy-saving Laws, Regulations and Criteria

The Energy Conservation Law has been revised and implemented. The office of the State Council has issued the Notice on Completely Implementing Public Building Air-conditioning Temperature Control Standard. Since the year of 2007, 22 sets of compulsive state standard for high energy consumption products' energy consumption limit have been issued.

Organizing Energy Conservation and Emission Reduction Action by the whole country of people. The 17 departments of the state government have jointly established the Implementation Scheme of Energy Conservation & Emission Reduction for Public, in order to organize nine special actions including action by families & communities, action by juveniles, action by enterprises, action by schools, action by battalions, action by governmental institutions, scientific & technical action, popular science action and action by media.

#### **5. Achievement of Energy Conservation Work in China**

Energy consumption per RMB10,000 GDP in 2006, compared with the previous year, has been decreased by 1.79%, and the same in 2007 has been decreased by 3.66%. In the year of 2007, 33 among the comprehensive energy consumption indices per unit for 35 primary products made by the important enterprises which have an annual energy consumption of above 10,000ton of standard coal in the key energy consumption industry have decreased, thus reduced the gap between the energy efficiency level of domestic high energy consumption industry and international advanced level.

In 2006 and 2007, China has saved accumulatively 146,000,000tons of standard coal and made important contribution to the sustainable development of domestic economy and GHG emission reduction.