



The China Sustainable Energy Program
中国可持续能源项目

C H I N A C L I P P I N G S

Issue 16

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Message from the Director:

Dear Energy Policy Colleagues:

Attached is the latest quarterly update of the China Sustainable Energy Program. China recorded 9.4 percent economic growth in 2004 and expects to install another 50 gigawatts of new power plants in 2005, 90 percent of which will be coal-fired. Our program continued to make headway over the last quarter. In December 2004, the National Development and Reform Commission (NDRC) issued a decree to stop local authorities from building unauthorized coal-fired power plants. NDRC estimates that there are 120 gigawatts of unauthorized power plants under construction. As an alternative to power plant construction, grantees are advocating for demand-side energy savings programs, which are the cheapest and fastest means for solving China's rampant electricity shortages. The Draft Renewable Energy Law has undergone a first reading by the Standing Committee of the National People's Congress; the draft calls for 10 percent of China's total primary electricity to come from renewable energy by 2020.

Eager to address its congestion problems and associated public health challenges, Beijing formally opened its first bus rapid transit system corridor on Christmas Day 2004. Beijing will also adopt Euro-III vehicle emissions and fuel quality standards this year, two years ahead of the national schedule.

Best regards,

Doug Ogden

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威廉与佛罗拉·休利特基金会 合盟
能 源 基 金 会

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Program Updates January 2005

Appliance Efficiency

The Ministry of Finance (MOF) and the National Development and Reform Commission (NDRC) jointly issued final government procurement regulations for energy-efficient products in December 2004—China's first fiscal policy for energy-efficient products. The regulation, which requires local and national government agencies to purchase energy-efficient products, will boost sales volume and lower unit costs of these products for all consumers.

Building Codes

The Ministry of Construction (MOC) issued a national implementation regulation for building codes in October 2004. The provision requires (1) all building designers to incorporate energy efficiency into their building designs, and (2) all local authorities must review building designs to insure they comply with building energy codes.

Low-Carbon Development Paths

Grantee The State Council Development Research Center submitted the *National Energy Plan 2004-2020* to the State Council, NDRC, relevant ministries and national leaders, including President Hu Jintao and Premier Wen Jiabao.

Renewable Energy

The Standing Committee of the National People's Congress (NPC) conducted the first reading of the Draft Renewable Energy Law at the end of December 2004. Senior

Policy Advisory Council (PAC) Member Mao Rubai, Chair of the NPC Environmental Protection and Resource Conservation Committee, reported on the draft to the Standing Committee. The draft calls for five percent of all energy to come from renewable energy by 2010, and ten percent by 2020, including 120 gigawatts (GW) of renewable energy and 20 GW of wind. The vast majority of the Standing Committee demonstrated strong support for the Law.

Electric Utilities

In December 2004, the National Development and Reform Commission (NDRC) issued a decree to stop construction of unauthorized coal-fired power plants. NDRC estimated that there are 120 gigawatts of unauthorized power plants under construction. Local authorities have been building unauthorized plants to cope with faster-than-anticipated economic growth, resulting in rampant power shortages. In an effort to stop the construction, NDRC demanded that siting permits, bank loans, coal allocations, and grid connections be denied for unauthorized plants. Unfortunately, the decree leaves

local governments without a solution to electricity shortages; needed are investment programs in demand-side energy savings technologies in order to tap the huge amount of energy waste in the electricity sector. Such programs are cheaper, cleaner, and faster to deploy than building power plants.

Transportation

The State Environmental Protection Administration (SEPA) adopted a second round of vehicle emission standards that will implement Euro III in 2007 and Euro IV in 2010. The Beijing Municipal Environmental Protection Bureau (BEPB) agreed to move faster, and will implement Euro III vehicle emission and fuel quality standards in 2005.

Beijing opened China's first bus rapid transit (BRT) corridor, which includes all the principal characteristics of a world class system—exclusive lanes, station-to-station operation, intersection priority, and advanced electronic signaling. Chengdu launched planning of a 28-kilometer BRT system on its newly built second ring road.

Beijing's new BRT line opened December 25, 2004.



Workshop Updates January 2005

Senior Policy Advisory Council (PAC) Meeting

The November 2004 PAC meeting reviewed progress in all program areas, and emphasized implementation of clean energy technology policies. PAC members, including the current chairmen of the National People's Congress Finance Committee and Environmental Protection Committee, enthusiastically called for investment policies and institutional reforms to expedite efficiency and renewables policy implementation. PAC members called for (1) strong support of the proposed Renewable Energy Law, (2) a comprehensive Electricity Law that would cut energy waste by making demand-side energy efficiency more profitable than building new supply, and (3) improved implementation and enforcement of the Energy Conservation Law. The PAC meeting discussions set the focus of next year's PAC meeting—tax and fiscal policies necessary for implementing energy efficiency and renewable energy.

International Mayors' Forum

We held this year's PAC meeting in conjunction with the International Mayors' Forum on Urban Sustainable Energy Development in Kunming, Yunnan Province. Twenty Chinese mayors and six international mayors and mayor representatives attended. The Forum successfully highlighted BRT as a compelling solution to urban congestion. Immediately following the meeting, the mayors of Kunming, Beijing, Hangzhou, and Jinan committed to making BRT a priority. The Forum also highlight-

ed the need for better enforcement of building energy codes. Several Chinese mayors commented that they had not fully understood the importance of building energy consumption, and committed to elevating energy code compliance. We have now launched code compliance pilots in six cities, including four in the South China climate zone and two in the Central China climate zone.

Fuel Efficiency Standard Meeting

Phase I of the national Vehicle Fuel Efficiency Standard will be formally implemented on July 1, 2005. A meeting was held in Beijing on October 28, 2004 with officials from the General Administration of Quality Supervision Inspection and Quarantine (AQSIQ), the State Administration of Standardization (SAC), the National Development and Reform Commission (NDRC) and the Ministry of Science and Technology (MOST) to discuss issuance and enforcement measures. The China Automotive Technology & Research Center (CATARC) presented the "Light Vehicle Fuel Consumption Testing Methods" and "Vehicle Fuel Consumption Restriction" standards. Automakers, fuel producers and engine developers discussed the impact of the standards on their respective industries. Government authorities committed to "full mandatory" implementation, that is, new light-duty vehicles will not be certified for sale or use unless they meet the fuel economy standards.

2004 World Wind Energy Conference

The World Wind Energy Conference, a large annual event organized by the World Wind Energy Association, seeks to promote renewable energy development, especially wind energy, worldwide through technical exchanges and policy research. The World Wind Energy Association and China Wind Energy Society sponsored the third World Wind Energy Conference in Beijing from October 31 to November 4, 2004. The Energy Foundation supported a policy seminar at the conference.

Commercial Building Code

The Seventh Review Meeting of China's Draft National Commercial Building Code was held on October 26-28, 2004 in Kunming, Yunnan Province, with over 35 experts and Ministry of Construction (MOC) officials. The draft Commercial Building Code will be sent to MOC for approval after incorporating feedback from the meeting participants.

Industrial Energy Efficiency Agreements

An international evaluation meeting on the Shandong Energy Efficiency Agreement Program was held on November 16, 2004 in Beijing. Officials from NDRC and Chinese and international experts discussed national policy options to expand the program, targeting energy efficiency improvements in the steel sector.