



方圆标志认证集团
CHINA QUALITY MARK CERTIFICATION GROUP

Case Study on China's Industrial EE Policies

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Achievements of Energy Efficiency during the 11th Five Year

For the whole country (Year 2006-2010)

- Average annual growth of GDP was 11.2%;
- Average annual growth of energy consumption was 6.6%;
- From 2006 to 2010, the energy consumption per unit GDP decreased accumulatively for 19 %.



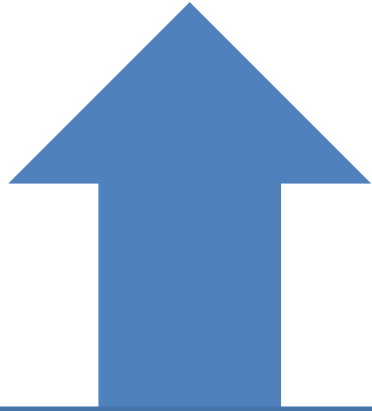
Achievements of Energy Efficiency during the 11th Five Year

For industry (Year 2006-2010)

- Average annual growth of industrial added value was 11.7%;
- Annual growth of China's industrial energy consumption was about 7%;
- From 2006 to 2010, China's energy consumption per industrial added value decreased for 24% accumulatively.



Achievements of Energy Efficiency during the 11th Five Year



The whole country VS industry

- 19% VS 24%

Industrial added value counting for about 40% of total GDP;

Energy consumption of industry counting for about 74% of the energy consumption for the whole country.



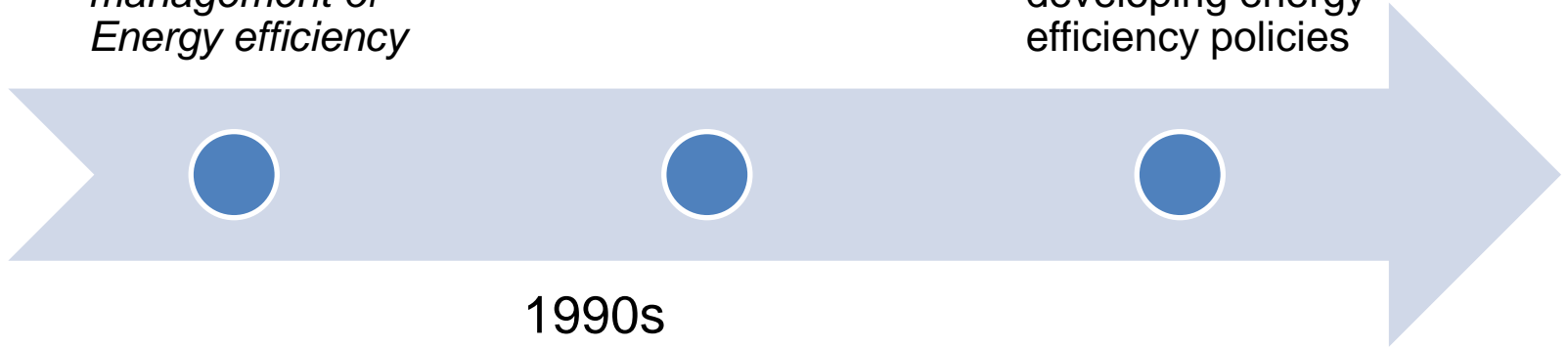
Previous EE Regulation/Policy Profile

1980s

- Energy shortage
- The year 1986, *Provisional Regulation on the management of Energy efficiency*

2000s

- Continuous increase of energy consumption
- A dense period of developing energy efficiency policies



1990s

- The year 1997, *Law of the People's Republic of China on Energy Conservation*



New EE Regulations/Policies during the 11th Five Year

Responsibility Assignment for Achieving Energy Efficiency Goals.

Financial Funds Reward for Designated Energy Efficiency Projects/Products.

Governmental Compulsory Purchase of Energy Efficiency Products.

Preferable Tax Policy for Energy Conservation.

Top 1000 Enterprises Energy Conservation Action Plan.



New EE Policies during the 11th Five Year

----- Responsibility Assignment for Achieving Energy Efficiency Targets

Year 2006: The State Council issued “*The Target Plan for Energy Consumption Reduction per Unit of GDP during the 11th Five-Year Plan period*”.

According to the Plan, every provincial government had its own Energy Efficiency target.

Agreement for Achieving Energy Efficiency Targets was signed with all levels of governments and state-owned enterprises.

If failed in meeting those targets, “one-ticket VETO”.



New EE Policies during the 11th Five Year

----- Financial Funds Reward for Designated Energy Efficiency Projects/Products

The central government arranged necessary funds to provide reward or subsidy to Designated Energy Efficiency Projects/products.

RMB 2 billion Yuan was arranged for supporting the energy service companies (ESCOs).

The reward will basing on the energy savings M&V.



New EE Policies during the 11th Five Year

----- Financial Funds Reward for Designated Energy Efficiency Projects/Products

Special funds were also arranged to give rewards for phasing-out backward production capacity in economic less-developed areas.

In January 2008, the MOF and NDRC jointly issued *Interim Measures on Administration of Financial Subsidies for Promoting High-Efficiency Lighting Products*.

Financial subsidies then went to more product categories, such as air conditioner, refrigerator, washing machine ,motor and new energy vehicles.

The subsidy is basing on “China EE standards and labeling programme ”.



New EE Policies during the 11th Five Year

----- Governmental Compulsory Purchase of Energy Efficiency Products

The “preferential purchase” changed into “preferential purchase” combined with “compulsory purchase” towards energy efficiency products during the 11th Five Year.

Products List for “preferential purchase” and “compulsory purchase” was released and updated by authorities.

The latest List (Version 14) has 22 categories of EE products, such as PCs, air conditioner, photocopiers and etc.

The product list is basing on “China endorsement EE label programme”



New EE Policies during the 11th Five Year

----- Preferable Tax Policy for Energy Conservation

For enterprises engaged in related projects

- From the first tax year to the third tax year, the production and operation income shall be exempted from corporate income tax.
- The corporate income tax for the fourth to sixth year shall be levied in half.

For enterprise purchasing and actually using related equipments

- 10% of the equipment investment can be use as credit to offset the corporate income tax of the same year.
- If the credit exceeds the total corporate income tax of that year, the enterprise can keep using the credit within the following four years.



New EE Policies during the 11th Five Year

----- Top 1000 Enterprises Energy Conservation Action Plan

What's Top 1000 Enterprises?

Enterprises with independent accounting above designated size.

Enterprises are belong to one of 9 key energy consumption sectors, i.e. steel, non-ferrous metal, coal, electric power, petroleum and petrochemical, chemical industry, building materials, textile and paper-making.

Enterprises with the full energy consumption of the year 2004 above 180,000 tce.

Based on the above mentioned thresholds, 1008 enterprises were entitled, which were called “Top 1000 Enterprises” in general.



New EE Policies during the 11th Five Year

----- Top 1000 Enterprises Energy Conservation Action Plan

NDRC signed Agreement with top 1000 enterprises to specify the targets and responsibilities.

The energy utilization reporting system was executed.

Energy efficiency benchmarking activities was organized.

Transformation projects of energy conservation technologies in top 1000 enterprises were strongly supported by government.

Energy efficiency management was strengthened.

Series of trainings regarding energy conservation were implemented.

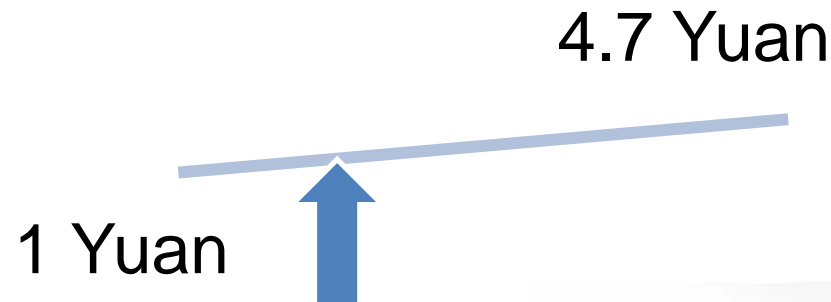
Energy efficiency technologies, benchmarking, management and training are playing important role.



EE Investments during the 11th Five Year

Due to the implementation of those policies mentioned above, China directly invested 846.625 billion Yuan (both government and non-government) for energy conservation.

- 149.697 billion Yuan by government
- 696.928 billion Yuan by non-government.
- $17.68\% + 82.32\% = 100\%$





EE Investments during the 11th Five Year

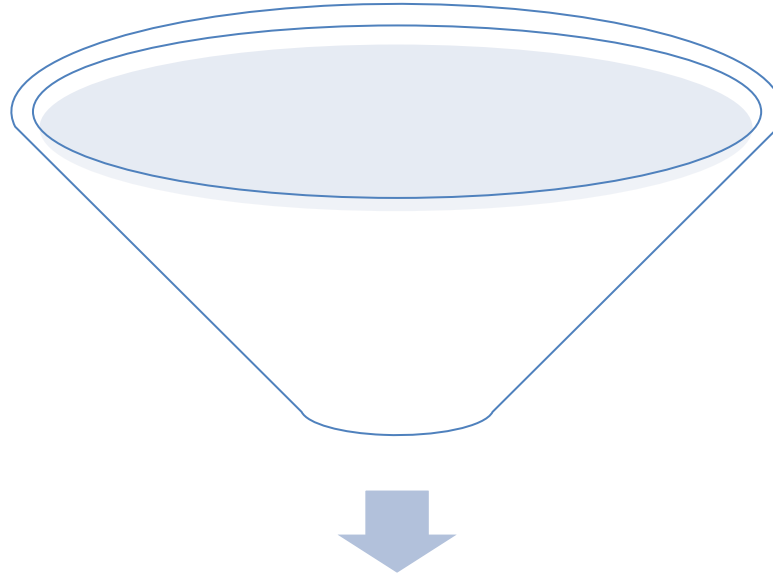
Among the 149.697 billion Yuan
by government

- Central government: 101.653 billion Yuan
- Local government: 48.044 billion Yuan
- About 2:1

Among the 696.928 billion Yuan
by non-government

- Bank: 488.425 billion Yuan
- Energy-using enterprises : 169 billion Yuan
- Energy conservation service industry: 20.52 billion Yuan
- International agency: 17.983 billion Yuan
- Others: 1 billion

EE Investments during the 11th Five Year

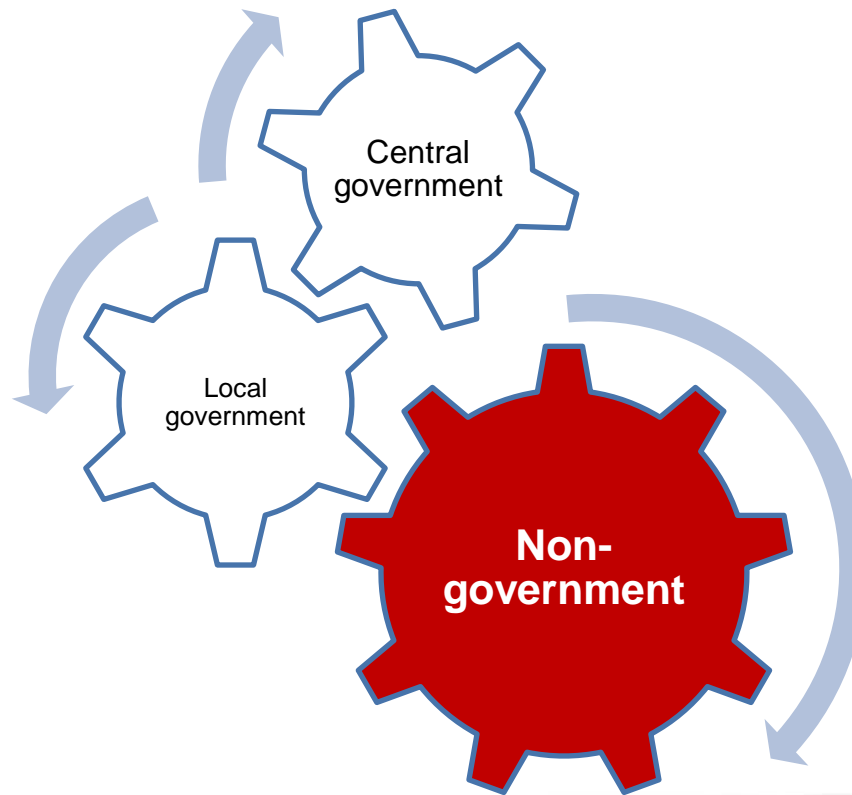


How much of the total 846.625 billion Yuan goes to INDUSTRY?

- 648.722 billion Yuan
- accounting for **80.7%**

EE Investments during the 11th Five Year

- Among the 648.772 billion Yuan for INDUSTRY



$$8.1\% + 4.4\% + 87.5\% = 100\%$$



Recommendations

- ❑ Technical progress as the main force;
- ❑ Key sectors and enterprises as breakthrough point;
- ❑ Adjustment of industrial structure as direction;
- ❑ National fiscal investment as seed;
- ❑ Continuous Perfection of relevant regulations and policies
- ❑ EE programs are VERY IMPRORTANT, such as:
 - EES&L;
 - Benchmarking;
 - Energy management system;
 - Energy savings M&V;
 - Energy consumption measurement and statistics.



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