

Overview of the 2020 Government Work Report with focus of energy

On 22 May 2020, the third session of the 13th National People's Congress (NPC) opened in Beijing. Premier Li Keqiang released the *2020 Government Work Report* on behalf of the State Council.¹⁴ China's overall economic operation kept stable in 2019, with 6.1% of GDP increase. The discharge of major pollutants continued to decline, and the overall ecological environment improved.

In 2020, due to the big uncertainty of COVID-19 and economic and trading environment, China will not set a specific target for the GDP growth rate. It aims to stabilize employment, protect people's livelihood, support major project construction, and relieve the pressure of small and medium-sized enterprises. The Report also introduces the focus of energy sector in 2020. It covers three major aspects, energy security, electricity price reduction and the "two new and one major" construction.

Enhance energy reserve capability

The government aims to promote the efficient use of coal with low emission, develop renewable energy, improve the production, distribution and selling systems of oil, natural gas, and electricity. In particular, the government emphasizes to improve the energy reserve capability.¹⁵

Extend the policy of electricity prices reduction

In 2018 and 2019's Government Work Reports, the government put forward the target of reducing 10% of the general commercial and industrial electricity prices. In February 2020, the National Development and Reform Commission (NDRC) announced a 5% of reduction on the monthly electricity bill for all industrial and commercial consumers except energy-intensive industries to tackle the effects of COVID-19.¹⁶ The policy is in effect from 1 February to 31 June 2020. Nevertheless, the *Report* extends this policy from the end of June to the end of December. It may save RMB 92.6 billion for electricity consumers.¹⁷

Facilitate new infrastructure construction

"Two new and one major" construction is a key developing target in 2020. It refers to new infrastructure facilities, new urbanization process and major projects such as transportation and hydropower projects. Earlier in April 2020, the NDRC clarified the scope of new infrastructure, intelligent transportation and energy facilities are involved. The specific plan includes developing information network, expanding 5G application, promoting new energy vehicles, building charging piles, etc. This construction plan aims to maintain the stability of economy and employment in the short-term future, as well as to generate extra profits in the long-term run.¹⁸

Suggestions from the representatives of the National People's Congress



- To increase the 2030 target of non-fossil fuel in primary energy consumption from 20% to 25% or 30% ¹⁹
- To improve the construction and operational efficiency of oil and gas storage facilities by attracting the investment of large-scale enterprises and private investors ²⁰
- To set up the newly added capacity of wind power during the 14th Five-Year-Plan period (2021 to 2025) to be more than 150 GW and solar PV to be more than 300 GW ²¹ *
- To extend the grid connection deadline of new onshore wind power plants by six months, offshore wind farms by 12 months due to the delay of wind turbine component import ²² **
- To facilitate formulation of national hydrogen energy development strategy and to involve the content of hydrogen energy into the *14th Five-Year Plan for Energy Development* ²³

Background information

* In the *13th Five-Year Plan for Renewable Energy Development*, the minimum target of newly added wind power capacity is 80 GW and solar PV is 62 GW.²⁴

** In the *2020 Wind Power Feed-in Tariff* policy issued by the NDRC in May 2019, onshore wind power projects approved prior 2019 should connect to grids by 2020 in order to receive the national subsidies; projects approved between 2019 and 2020 should connect to grids by 2021 to receive the subsidies. Similarly, in offshore wind power sector, the national subsidy will be cut down or cancelled if the actual date of grid connection is delayed.²⁵

¹⁴ "2020政府工作报告全文," the State Council, 22 May 2020, accessed at http://tsg.changde.gov.cn/art/2020/5/23/art_21514_1560814.html.

¹⁵ "2020政府工作报告全文," the State Council, 22 May 2020, accessed at http://tsg.changde.gov.cn/art/2020/5/23/art_21514_1560814.html.

¹⁶ "国家发展改革委关于阶段性降低企业用电成本支持企业复工复产的通知,发改价格〔2020〕258号," National Development and Reform Commission, 22 February 2020, accessed at http://www.gov.cn/zhengce/zhengceku/2020-02/22/content_5482141.htm.

¹⁷ "政府工作报告连续第三年提及降工商业电价,阶段性降价延长," the Sate Council, 22 May 2020, accessed at https://www.sohu.com/a/396958576_260616.

¹⁸ "政府工作报告新词"两新一重": 新在哪里、重在哪里" the Beijing News, 23 May 2020, accessed at <https://baijiahao.baidu.com/s?id=1667475840789026541&wfr=spider&for=pc>.

¹⁹ "刘汉元: 建议2030年非化石能源占我国一次能源消费目标达到30%," The Beijing News, 25 May 2020, accessed at <https://finance.sina.cn/chanjing/gdxw/2020-05-25/detail-iirczymk3467060.d.html?vt=4>; "全国人大代表曹仁贤: 建议适度开征碳税 提高可再生能源占比," China News Service, 25 May 2020, accessed at <https://baijiahao.baidu.com/s?id=1667589877153357182&wfr=spider&for=pc>.

²⁰ "全国人大代表江寿林: 加大石油天然气储备能力建设力度," the China Securities Journal, 23 May 2020, accessed at http://www.cs.com.cn/xwzx/hg/202005/t20200523_6059854.html.

²¹ "全国人大代表曹仁贤: 建议适度开征碳税 提高可再生能源占比," China News Service, 25 May 2020, accessed at <https://baijiahao.baidu.com/s?id=1667589877153357182&wfr=spider&for=pc>.

²² "全国人大代表张传卫建议延长新能源并网期限," Solarbe, 25 May 2020, accessed at https://www.sohu.com/a/397468486_418320.

²³ "全国人大代表韩峰: 推进氢能产业发展 促进国家能源转型," China News Service, 21 May 2020, accessed at <http://news.sina.com.cn/o/2020-05-21/doc-iircuyvi4350779.shtml>.

²⁴ "国家发展改革委关于印发《可再生能源发展"十三五"规划》的通知,发改能源[2016]2619号," National Development and Reform Commission, 19 December 2016, accessed at http://www.nea.gov.cn/2016-12/19/c_135916140.htm.

²⁵ "国家发展改革委关于完善风电上网电价政策的通知,发改价格〔2019〕882号," National Development and Reform Commission, 27 May 2019, accessed at http://www.gov.cn/xinwen/2019-05/25/content_5394615.htm.