SEPTEMBER 2023

CHINA ENERGY POLICY

NEWSLETTER

China Energy Transformation Programme

1. China energy transition updates

Sino-Danish Green Joint Work Plan (2023-2026) released

The Chinese and Danish governments have established a comprehensive strategic partnership since 2008. The two parties jointly formulated the *Sino-Danish Joint Work Plan (2017-2020)* in 2017 and agreed to formulate the *Sino-Danish Green Joint Work Plan* in 2021, aiming to further consolidate bilateral cooperation under the framework of the strategic partnership between the two countries. In August 2023, the Chinese and Danish governments jointly released the *Sino-Danish Green Joint Work Plan (2023-2026)* (hereinafter referred to as the *Plan*). The *Plan* clarifies that the two countries will continue cooperating closely in trade, climate and energy, environment and water resources, research innovation and higher education, intellectual property, maritime affairs, food and agriculture, tourism, and health.[1]

In the field of climate and energy, the *Plan* states that China and Denmark will stick to the relevant principles of the *United Nations Framework Convention on Climate Change* and play a global leadership role in achieving the goals of the *Paris Agreement*. Both parties commit to transforming their goals into actions, taking concrete steps to address climate change, and cooperating to promote a green and low-carbon transformation that is sustainable, just, and more cost-effective. China and Denmark will carry out close cooperation in the fields of climate change mitigation and adaptation and energy transition through the *Plan*, which specifically includes the following four aspects:

1) Climate change mitigation, policy development, and regulation innovation, including promoting low-carbon and sustainable economic development, and supporting training for policymakers and officials on climate change and green transition.
2) A more cost-effective and safe energy transition, establishing system models, long-term energy planning, and electricity market development.
3) Increase the energy system's flexibility, and improve the grid connection capacity of renewable energy, energy utilization efficiency, and clean and renewable energy heating capacity.
4) Sustainable urban development, including climate change adaptation, sponge cities, and building energy efficiency.

[1] "中华人民共和国政府和丹麦王国政府绿色联合工作方案（2023－2026）（全文）," Xinhua News Agency, 18 August 2023, accessed at https://baijiahao.baidu.com/s?id=1774589366007179997&wfr=spider&for=pc .

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The legislative plan for the energy sector in the next five years clarified

In September 2023, the Xinhua News Agency released the *Legislative Plan of the Standing Committee of the 14th National People's Congress (NPC)*. According to the *Plan*, between March 2023 and February 2028, the government authorities will formulate, amend, repeal and interpret 130 laws at least. Among them, 79 laws are draft laws with relatively mature conditions to be submitted for consideration, including the formulation of the *Energy Law*, the *Territorial Spatial Planning Law* and the *Atomic Energy Law*, which were drafted under the leadership of the State Council, as well as the *Renewable Energy Law*, which was revised under the leadership of the Environment Protection and Resources Conservation Committee of the National People's Congress; and 51 laws still need to be prepared for submission and consideration when the conditions are ripe, including the *Electricity Law*, which was revised under the leadership of the State Council. With regard to other laws for which legislative conditions are not yet fully in place, such as dealing with the climate change and achieving carbon peaking and carbon neutrality, it is necessary to continue to study and demonstrate. These laws can be arranged for consideration when the conditions are ripe. [2]

China's first 10,000-ton class solar PV hydrogen production project goes into operation

At the end of August 2023, Sinopec announced the Kuqa green hydrogen demonstration project launch in Xinjiang. This is China's first large-scale solar PV hydrogen production project. Under full-load operation conditions, the project can produce 20,000 tons of green hydrogen per year, with a hydrogen storage capacity of 210,000 standard cubic meters and a hydrogen transmission capacity of 28,000 standard cubic meters per hour. All green hydrogen will be supplied to the nearby Sinopec refinery factory, replacing natural gas hydrogen production for the production of oil products, which can reduce carbon dioxide emissions by 485,000 tons per year. The chemical industry is high in carbon emissions and energy and raw material consumption, which electrification cannot replace entirely. Therefore, green hydrogen refining is important for the chemical industry to achieve a green transition. At the same time, large-scale green hydrogen production has also effectively promoted the electrolyzer industry's development and its scaled-up expansion of productivity. [3]

[2] "（受权发布）十四届全国人大常委会立法规划," Xinhua News Agency, 7 September 2023, accessed at http://www.xinhuanet.com/2023-09/07/c_1129851114.htm.

[3] "零突破！我国规模最大光伏发电直接制绿氢项目全面建成投产," China Energy News, 30 August 2023, accessed at https://baijiahao.baidu.com/s?id=1775632528454164337&wfr=spider&for=pc.

2. Policy monitoring

2023-08-31

http://zfxxgk.nea.gov.cn/2023-08/31/c_1310739491.htm

NEA will establish a power reliability data management system

Notice on Strengthening Power Reliability Data Governance and Deepening the Development of Reliability Data Applications, NEA Development Security [2023] No.58

As the proportion of renewable power generation continues to increase, real-time and reliable data collection is crucial to the security and stable operation of the power system. To this end, the National Energy Administration (NEA) has developed a more refined and systematic data reporting, management, and evaluation system for renewable power projects. The government has clarified that by the end of 2025, all new thermal power, nuclear power, and hydropower units that have been put into operation for six months or more, as well as wind power and solar PV projects, will achieve real-time collection and reporting of reliability data of major equipment; the main equipment of power transmission and transformation realizes the reliability data collection of outage events, of which the collection coverage rate of DC power transmission and power transmission and transformation loops should not be less than 50%. Except for some remote areas, the power supply system should implement power supply reliability management based on real-time data. By 2028, China will fully build a power reliability management system.

2023-08-28

https://xxgk.mot.gov.cn/2020/jigou/syj/202308/t20230828_3901809.html

The MoT will promote the regular use of shore power

Notice on Issuing the Action Plan for Demonstrating and Promoting the Use of Shore Power at Ports for Container Ships and Cruise Ships on International Routes (2023-2025)

From 2023 to 2025, The government will promote the use of shore power at ports where international container ships and cruise ships call. By the end of 2023, qualified ships and ports aim to realize the regular use of shore power; by 2024, international trunk line cruise ships will have shore power reception facilities, and the high-voltage shore power coverage rate at docks will reach 100%; by 2025, the shore power reception facility coverage rate for international trunk line container ships will reach 40%, with the high-voltage shore power coverage rate at docks reaching 90%.

2023-08-21

http://zfxxgk.nea.gov.cn/2023-08/21/c_1310738420.htm

China will establish power market management committees

Guiding Opinions on Further Strengthening the Standardized Operation of the Electricity Market Management Committee, NEA Development Supervision [2023] No. 57

The NEA has made it clear that it will establish power market management committees nationwide. The committee is an autonomous coordination mechanism independent of power exchange centres. It will be composed of representatives from power grid enterprises (including incremental distribution grid operators), power generation enterprises, power retailing enterprises, power users, market operation agencies, and third-party institutions. Its primary responsibilities include: 1) Participating in the study of the charter of electricity exchange centres; 2) Coordinating matters related to the power market and proposing solutions to abnormal conditions in the market operation and the demands of market members; 3) Participating in the study of power market transaction rules and implementation details, and make suggestions on important content such as clearing price limits. 4) Assisting government-affiliated market regulatory agencies to establish a self-regulatory supervision mechanism for the power market.

2023-07-21

https://www.ndrc.gov.cn/xxgk/zcfb/tz/202308/t20230817_1359879_ext.html

The government will establish a recycling system for decommissioned wind power and solar PV equipment

Guiding Opinions on Promoting the Recycling of Decommissioned Wind Power and Solar PV Equipment, NDRC Environment Assets [2023] No.1030

As the first batch of wind power and solar PV projects reach the end of their operational life, the recycling and disposal of equipment from decommissioned power plants has become a critical task. The government proposes to establish a responsibility mechanism for the disposal of decommissioned equipment for utility-scale wind power and solar PV projects by 2025, improve equipment recycling standards, and achieve breakthroughs in relevant key technologies. By 2030, the full-process recycling technology system for wind power and solar PV equipment will be mature, and the model will be sound, forming several wind power and solar PV equipment recycling industry clusters. The document also encourages solar PV equipment manufacturing enterprises to establish distributed solar PV recycling systems independently or jointly.