

**China-U.S. Energy Efficiency Steering Committee Meeting**  
**Energy Efficiency Cogeneration Team Report**  
**June 25, 1999**

**Achievements Since the May 1997 Steering Committee Meeting**

- In 1997, CECIC prepared a draft version of a guidebook on Chinese laws, policies and requirements related to cogeneration. The guidebook was sent out for review. As a result of the massive reforms that have taken place in China over the past two years, the guidebook is now in need of revision.
- Model contracts – To reduce the transaction costs for cogeneration projects in China, model power purchase, steam sales and joint venture agreements have been drafted by a team created by ERI. In July 1998, they were provided to CECIC in Chinese and English versions.
- Cogeneration workshop – On November 1998, a workshop was held in Beijing for U.S. companies and Chinese officials to: review and obtain comments on the model agreements and to learn about the organizational and policy changes taking place in China that could effect cogeneration.

**Issues and Opportunities**

- In the past, cogeneration has played an important role in increasing energy efficiency of electricity supply in China.
- Present prospects for cogeneration in China are less predictable than in the past because of uncertainties of policy and issues of obtaining finance.
- The energy efficiency cogeneration activity could play a key role in supporting the Chinese in overcoming these barriers.

**Next Steps**

- Revise China's *Technical Regulations on Cogeneration Project Feasibility Study*, a technical document that provides detailed technical specifications for Chinese cogeneration projects.
- Finalize the model agreements (power purchase, steam sales, joint venture) based upon comments received at November 1998 workshop.
- Update the guidebook for foreign investors in cogeneration. Funds have been requested from the Packard Foundation for this and other related activities.
- Conduct financing, management practices, project development and technology training for Chinese involved in cogeneration.
- Continue reform efforts to clear the way for foreign investment in cogeneration projects in China.
- Conduct a major conference on cogeneration to share the results of this bilateral effort.
- Investigate new financing mechanisms for cogeneration
- Investigate new technologies that use natural gas, waste, and biomass feedstocks for cogeneration.

**Team Leaders: Zhang Zui Ying, China Energy Conservation Investment Corporation;**  
**Jack Siegel, Energy Resources International**  
**(Mark Levine, LBNL, was the US representative at the meeting)**

