

China-U.S. Energy Efficiency Steering Committee Meeting
Energy Efficiency Finance Team Report
August 27, 2001

Achievements Since the June 1999 Steering Committee Meeting

- Chernoff Foundation is supporting a fellowship program for energy-efficiency finance at Battelle-University of Maryland Joint Institute. Note that U.S. and Chinese universities have created more than 20 joint programs for business plan and general business training since 1998, and several of these are appropriate for developing expertise in energy-efficiency financing
- W. Alton Jones Foundation and the US Environmental Protection Agency are supporting a feasibility study of combined heat and power using micro-turbines at district heating facilities
- U.S. Environmental Protection Agency is supporting a U.S.-China effort to promote clean-burning natural gas utilization in China
- The U.S. President's Committee of Advisors on Science & Technology based recommendations for creating loan guarantee funds and capacity building for efficiency financing on the recommendations made by the China-U.S. Energy Efficiency Finance Team reports.
- Trade Development Agency (TDA) has resumed work in China

Issues and Opportunities

- Key issues for financing efficiency remain to be worked out, including improved transparency in deal making in China, particularly regarding who can approve transactions and who can guarantee repayment of financing; developing capacity in enterprises to build bankable business plans; and making US sponsored finance more competitive in the Chinese market
- Opportunities exist for funding development including venture capital for energy efficient development, ESCO development and efficient natural gas utilization, and for encouragement to the private sector to utilize TDA for energy-efficiency projects
- The work of the finance team has significant policy implications, particularly for improving the transparency of financial transactions as well as in energy sector restructuring.

Next Steps

- Complete the study funded by W. Alton Jones Foundation and the US Environmental Protection Agency on combined heat and power using micro-turbines at district heating facilities
- Encourage private sector use of the TDA for energy-efficiency projects in China and identify efficiency projects.
- Explore opportunities to set up venture capital funds, primarily through the energy-environmental fellowships program. This program will initially support three Chinese fellows in the development of an energy service company, an energy efficiency equity fund, and in energy sector restructuring.

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