China-U.S. Energy Efficiency Steering Committee Meeting
Energy Efficiency Policy Team Report
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Main achievements since the June 1999 Steering Committee Meeting

1. **Support in developing implementation procedures for the Energy Conservation Law (ECL) at the national level.**
   A variety of collaborations have advanced cogeneration strategy and regulation, appliance efficiency standards and labeling, and national building energy standards.

2. **Workshop on international experience in industrial energy-efficiency policy.**
   A workshop was held in May 2000, Beijing as part of the "Developing Chinese Regulatory Infrastructure" project, including presentations and discussions of international energy-efficiency policies and best practices in industry.

3. **ECL provisions on monitoring and reporting industrial energy use, development of best practices.**
   Initial work was done in sector targets for the steel industry, with pilot sites selected in Shandong.

4. **Surveys on industrial energy practices to support revised guidelines/standards.**
   Under the "China Energy Scenarios" project, ERI carried out surveys of past and current sectoral and provincial regulations and energy-consumption conditions, providing baseline for efficiency-policy policy recommendations.

5. **Data collection and scenario analysis for energy-efficiency planning in the Tenth Five-Year Plan.**
   The "China Energy Scenarios" project has also begun scenario-based evaluation of efficiency policies, using an updatable database and model to perform bottom-up analysis of policy impacts on energy use and the economy. The project is enhancing cross-sectoral participation in efficiency planning.

6. **Capacity building for product testing, certification, labeling, and standards.**
   China is developing new, more rigorous minimum appliance efficiency standards: refrigerators, fluorescent ballasts and air conditioners (2000), fluorescent lamps (under review), clothes washers (in progress), and central AC, water heaters, refrigerators [revised], and TVs (future). In 1998, SETC established a voluntary energy-efficiency endorsement program, and began issuing labels: refrigerators 1999), air conditioners and wave traps (2000), and TVs, printers, fluorescent lamps, and CFLs (2001). Harmonization with US EnergyStar is being explored, as well as standards for standby power losses, and development of a mandatory information/ comparison label for appliances.

Additional achievements

- Green Lights Program: Market transformation of China's lighting market.
- Industrial policy development, including clean production pilot projects and cogeneration policy.
- State Energy Conservation Information Dissemination Center.
- Labeling and certification program for high efficiency motors.
- Technology: energy-efficient motors and boilers technology cooperation; motor test laboratory and test procedure project; boiler efficiency improvement; energy efficiency improvement in TVEs; Center for Environmentally Sound Technology Transfer to SMEs.
- Training: Sino-US Motor Systems Team; energy management companies; China motor system energy conservation project.

- Joint report: "Energy Futures of China and the United States" (2000, Chinese Academy of Sciences, Chinese Academy of Engineering, US National Research Council) recommending expanded trade in advanced efficiency technologies, expanded collaboration in pre-competitive RD&D.
- Continuing high-level governmental dialogue on energy efficiency

Issues and Opportunities

1. To date, implementation of the ECL has been slow. Thus, there are continued opportunities to improve China's energy performance through work on implementing provisions of the ECL at the national and local levels.
2. Economic restructuring offers many opportunities to change technological structure, not just managerial and financial organization.
3. China's accession to the WTO in 2001 will require enterprises to improve energy-efficiency as one means of raising productivity. Those investments will occur over the next several years.
4. Although improved trade will make foreign technologies more available, China will still face an R&D challenge, e.g., in adapting imported technologies for domestic conditions.
5. The long-term outlook for fuel and electricity demand remains one of strong growth, so energy-efficiency improvements remain crucial to achieving a sustainable future.
6. Activity in the area of energy efficiency will demonstrate market-regulatory mechanisms that China's government will need to apply in other areas of governance.

Next Steps

We identify nine activities that are the highest priority for Sino-U.S. collaborations relating to the implementation of energy conservation policy in China. The first is the most general and of highest priority. The remaining items are essentially subcategories of the first. Of them, items 2-5 are of roughly equal priority, and of greater importance than items 6-9.

Highest Priority	1.	Provide support to China in developing drafts of implementing procedures of the Energy Conservation Law (ECL) at the national level; assess and demonstrate ECL implementation at local level.
High Priority	2.	Collaborate in the evolution of China's governmental energy-conservation institutions.
	3.	Seek new models for local and sectoral energy-efficiency service organizations, both private and public.
	4.	Establish and enforce mandatory efficiency standards for common energy-using equipment and buildings.
	5.	Create new fiscal incentives for energy-efficiency and methods for implementation..
Desirable	6.	Reassess existing price regulations.
	7.	Integrate energy efficiency with environmental protection, energy supply strategy.
	8.	Address non-state (rural) sector efficiency.

Team leaders: Chen Heping, State Development Planning Commission;
Mark Levine, Lawrence Berkeley National Laboratory