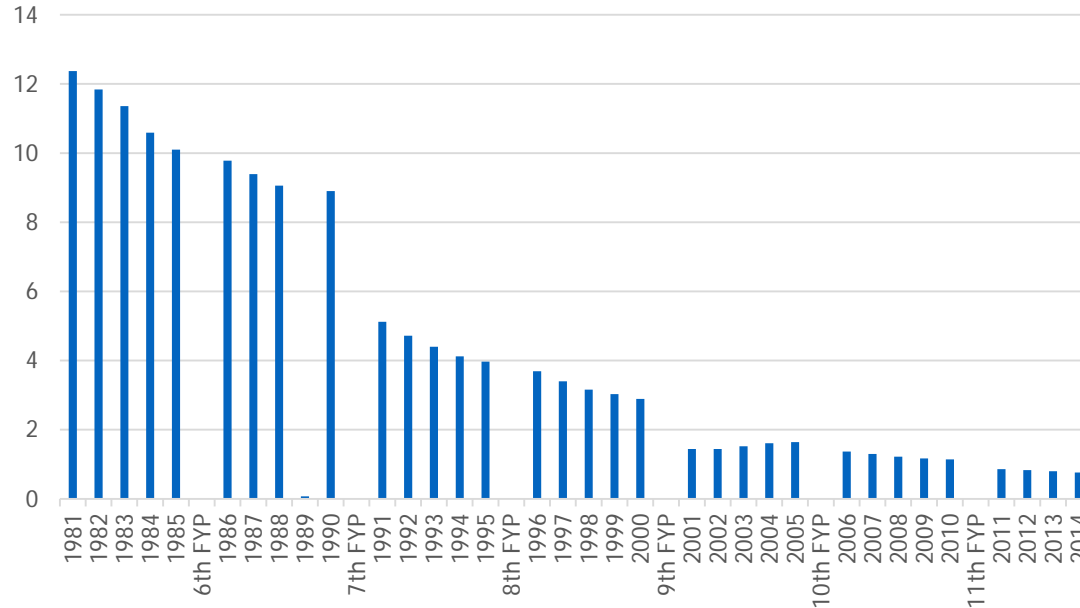

IMPROVE ENERGY EFFICIENCY, IMPROVE ENERGY PRODUCTIVITY: A Look at China's Approach



***MONA YEW
FEBRUARY 24, 2016
SYDNEY, AUSTRALIA***

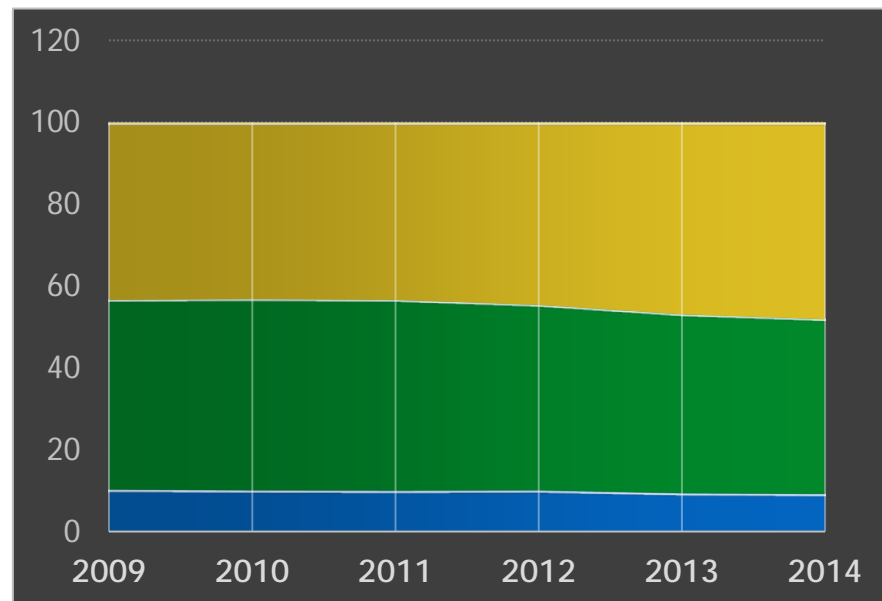
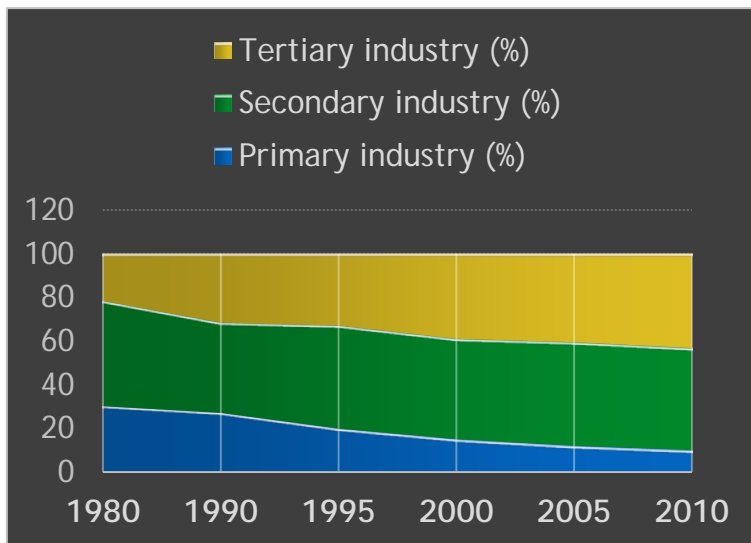
China has made tremendous progress in reducing energy intensity

Energy consumption per ten thousand yuan GDP
(tce)

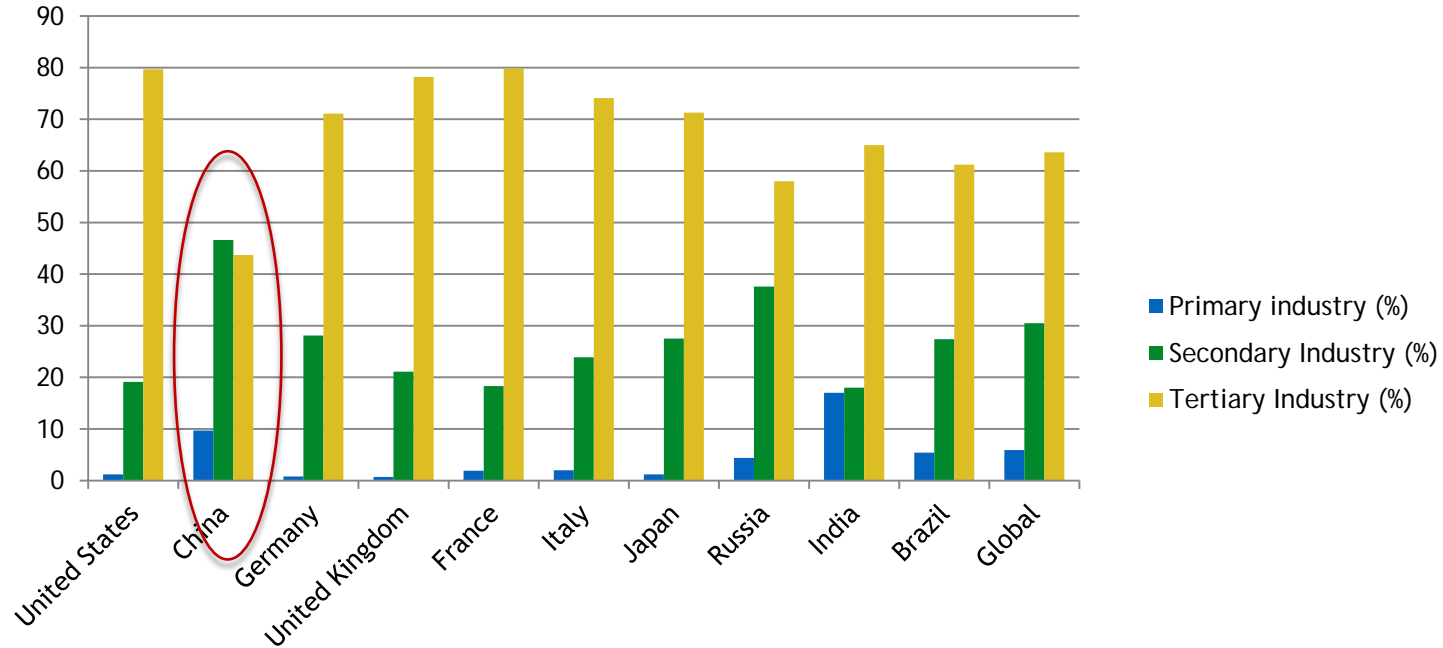


Goals:
11th FYP: 20% reduction
12th FYP: 16% reduction

China's economic structure is transitioning

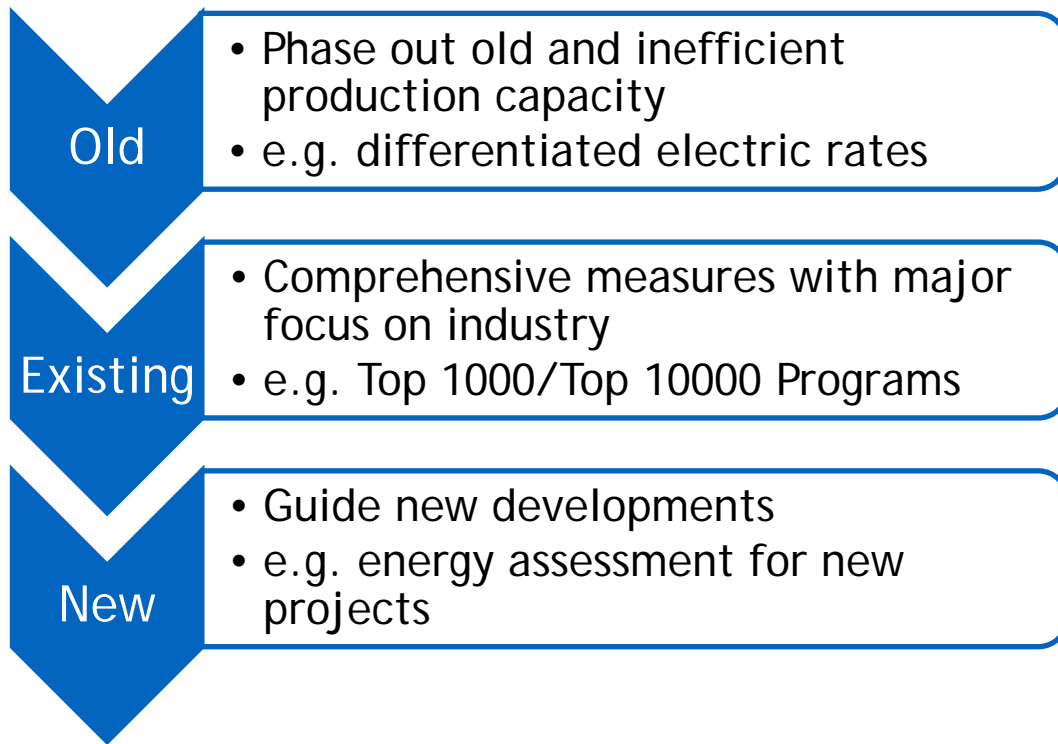


But industry still dominates compared to other countries

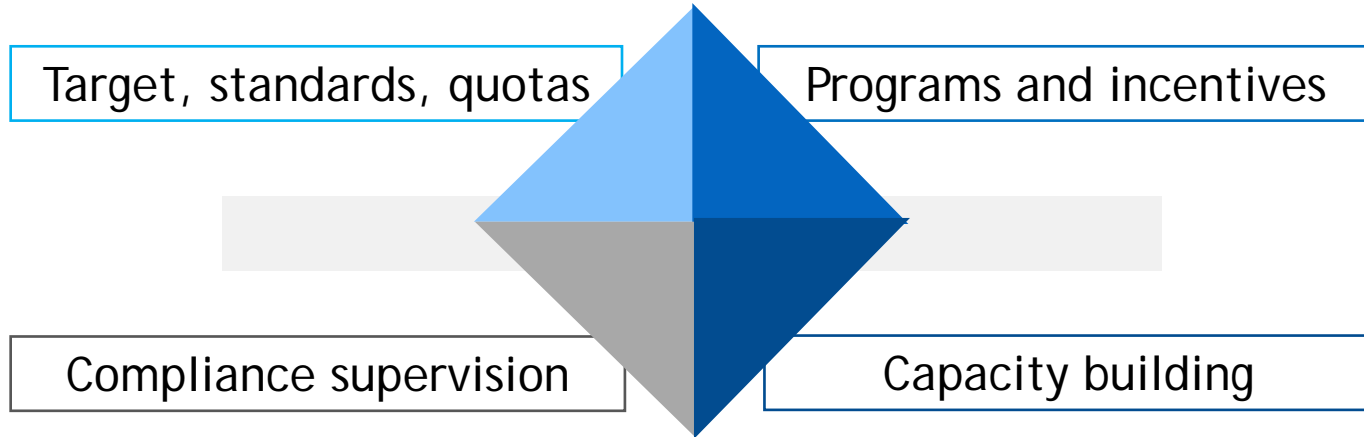


China's Approach to Reducing Energy Intensity

Policies focus on administrative measures



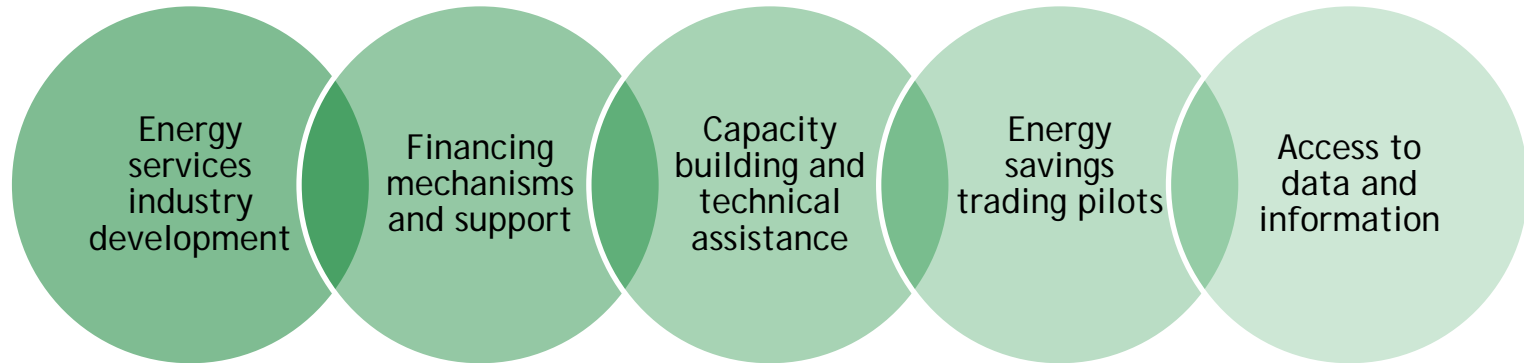
Policies are accompanied by comprehensive system building



Top 10,000 Program

- Over 16,000 enterprises and public institutions included in the program
 - Covers ~80% of industrial energy use
- Companies are required to:
 - Establish energy conservation leadership team and energy management system
 - Establish system of responsibility for meeting EE targets
 - Strengthen energy data collection
 - Conduct energy audits and draft energy efficiency action plan
 - Increase energy efficiency efforts, including setting aside special funds for EE
 - Speed up phase out of backward energy using equipment and production process
 - Implement energy efficiency benchmarking
 - Set up internal incentive mechanisms
 - Promote energy efficiency awareness and conduct training

Market development is also emphasized



ESCO industry expanded significantly during the 12th FYP

2010

Number of ESCOs: ~900

Employment: < 250000

Total Production value:
83.6 billion RMB

Comprehensive
suite of policies,
incentives and
programs to
promote
performance
contracting

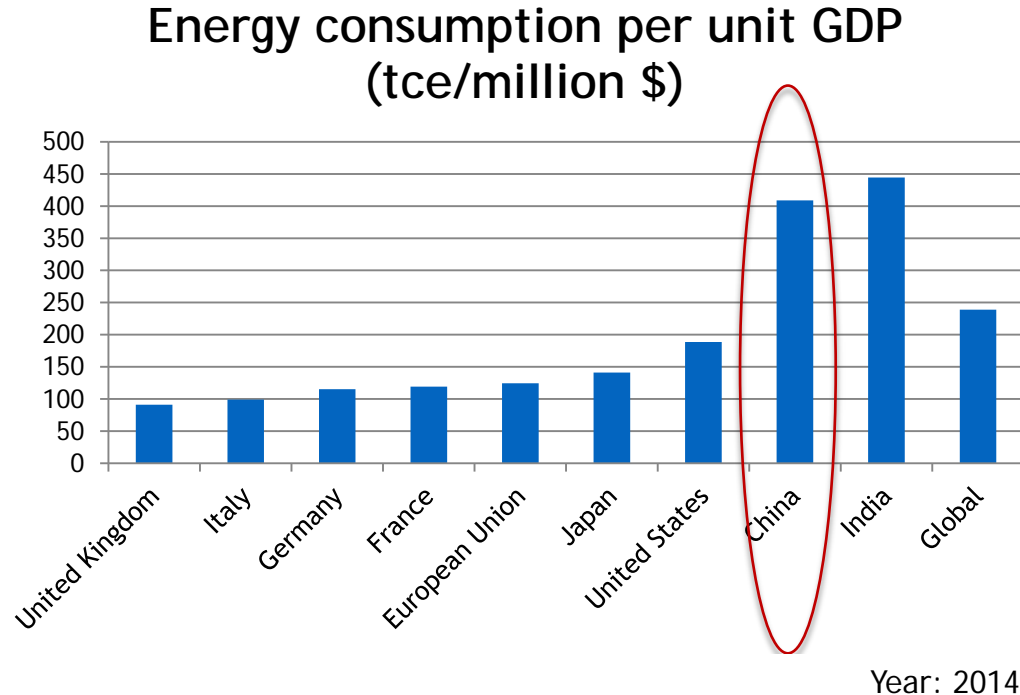
2015:

Number of ESCOs:
~5400 (6x)

Employment: >
607000 (2.5 x)

Total production
value: 312.7 billion
RMB (average annual
growth rate 30.19%)

China has made significant progress, but more is needed



Made in China 2025

- China's first 10-year action plan to modernize manufacturing, released by the State Council in May 2015
 - Drive innovation
 - Prioritize product quality
 - Promote green development through EE, clean production, circular economy
 - Optimize industry structure
 - Develop human resources
- Focus on digitization and smart manufacturing

Looking Ahead

China will continue to:

- Shift toward higher value industries and services
- Focus on improving industry competitiveness
- Advance energy efficiency standards, energy consumption quotas and benchmarks (e.g. Top Runner Program)
- Further develop market and financing mechanisms in parallel with strengthening compliance supervision

Additional opportunities in:

- Sustainable urbanization
- Energy efficiency as a resource

THANK YOU!



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