

China's new energy rule in the works

BEIJING, Aug. 7 (Xinhuanet) -- The government is drafting an energy regulation to stop new fixed-asset projects that do not meet national energy standards.

Aiming to curb the investment frenzy and help realize China's energy-saving targets, the regulation means investors cannot be given a go-ahead if they don't design detailed energy-efficient schemes.

Currently 10 provinces, municipalities and autonomous regions such as Beijing, Tianjin, Jiangsu and Inner Mongolia have started to put the rule into pilot operation.

"We are going to announce the draft regulation as soon as possible based on the experiences gained by the pilot regions," said Xie Zhenhua, vice-minister of the National Development and Reform Commission, which is coordinating energy-efficient projects and climate change issues.

If the new regulation is approved and implemented nationwide, it will mean that all new fixed-asset projects will be assessed by the government in accordance with their environmental impact and energy-saving potential.

Xie said the new regulation is drafted in line with China's Energy Conservation Law, which took effect on April 1.

"Once the regulation is put in place nationwide, we can move closer to our energy-saving targets," Xie is believed to have said at a recent closed-door discussion on the new regulation. "If implemented properly, this can help us stop those energy-crunching projects right at the beginning."

The pilot regions, Xie said, have already made progress by assessing the energy-efficiency potential of the new projects. For example, Beijing has strictly enforced the assessment system, which helps it achieve annual energy saving goals.

However, in some other regions, Xie said there is a "lack of leadership" in implementing the practices stipulated in the energy conservation law. "We should not only monitor those factories in operation but also assess new projects."

Xie said this can require investors to push forward industrial restructuring and technical innovation to gradually weed out outdated production methods.

Currently, the government focuses on previewing and checking energy implications of projects in real estate, the transport sector and government buildings to improve energy efficiency and reduce greenhouse gas emissions.

Under the 11th Five-Year Plan (2006-10), China has pledged to cut energy consumption per unit of GDP by 20 percent, or 4 percent each year. Official statistics show that in 2005, 27.5 percent of China's energy consumption was in the construction sector, with transportation accounting for 16.3 percent and government buildings, 6.7 percent.

China needs "systematic reforms" to realize its goals of cutting energy consumption, said Lin Yueqin, an economist with the Chinese Academy of Social Sciences.

"And the focus should be designing an accountability system to change the local governments' mindset of blindly speeding up investment," Lin told China Daily.

Vice-Minister Xie Zhenhua said some local governments are investing heavily in resource-intensive sectors ignoring the central government's directive to save energy and reduce emissions.

Though the national economy has slowed down, China's investment in fixed assets in the first half of this year such as roads and factories reached 26.3 percent, up 0.4 percentage point year-on-year.

Since 2003, mainly due to local governments' investment frenzy, the growth rate has remained high despite the central government's determination to slow it down. This momentum is likely to continue in the second half of this year as the earthquake and the blizzards have triggered demand for more construction.

"We should keep the necessary, environment-friendly and energy-efficient projects going," said Lin.

An official inspection last year discovered that only 53 percent of projects under construction are actually keeping their energy-saving promises. Nearly all of them had pledged at the design stage that they would meet national standards on energy saving.

This disregard for energy conservation requirements by property developers poses a threat to meeting the overall green goal, in which the construction sector is expected to contribute almost 30 percent of total energy savings.

"The findings are alarming," said Song Chunhua, chairman of the China Real Estate Association. "More tough measures are needed to achieve the national goal."

(Source: China Daily)