GREENPEACE Briefing

China

Background briefing for the COP19 in Warsaw. 28.10.2013.

China is the largest energy consumer in the world and the second largest oil consumer after the United States. It accounts for almost half of the world's coal use. With 22% of global total greenhouse gas emissions in 2010 it is the largest emitter, accounting for 14% of cumulative emissions in 1990-2010. Coal accounts for about 70% of China's total energy consumption, oil 19%, hydroelectric 6%, natural gas 4% and nuclear & renewables 1.3 %.[1]

In recent years China has made the expansion of natural gas-fired and renewable power plants as well as electricity transmission a priority. Renewables have been growing at a rapid pace. For example, China has doubled its cumulative wind capacity each year between 2006 and 2011 and last year, for the first time ever, China's wind power generation increased more than generation from coal – the year being exceptionally low for coal growth[2]. In just two years from now China aims to achieve more than 4-fold increase of solar PV, from less than 8GW end of 2012 to 35 GW in 2015. In comparison, the whole of global PV capacity today is about 100 GW.

China has pledged to reduce its emissions intensity (carbon dioxide emissions/GDP) by 40-45% by 2020 from 2005 levels. Climate Action Tracker rates it as inadequate, considering China's responsibility and capability[3].

In the UN climate negotiations, China has argued for maintaining the "firewall" between developed countries (with binding emission caps and funding and technology transfer obligations for developing countries), and developing countries (with no binding obligations), as agreed to in 1992. At the same time the country is feeling increasing pressure to act –

[1] U.S. Energy Information Administration. International Energy Statistics, CAIT2.0 of WRI and UNEP: The Emissions Gap Report 2012.
[2] "China's Wind Power Production Increased More Than Coal Power Did For First Time Ever In 2012". By Li Shuo at thinkprogress.org. March 20, 2013. See also REN21. Renewables 2013 Global Status Report.
[3] http://climateactiontracker.org/countries/china.html

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both from international and national level – to reduce its coal dependency and to tackle greenhouse gas emissions. And indeed it is already acting.

Elevated public concerns on air quality are changing the energy outlook for the country. Beijing's "airpocalypse" – an exceptionally serious air pollution episode in January 2013 – was a culmination point for a political awakening that's been building since 2011. The government's action plan to improve air quality, released in September 2013, **calls on three key economic areas to peak and decline their coal consumption by 2017 and bans new conventional coal-fired power plants in these regions**. After 10 years of rapid coal growth this is an unprecedented turn around in China's energy policy.[4]

In one of these three regions, the plan has already been accompanied by ambitious pledges by local authorities for cutting coal consumption. The provinces of Shandong, Hebei, Tianjin and Beijing (the Huabei region), and the 16-million people megacity Guangzhou, which **together use more coal than the whole of the European Union**, aim at cutting coal consumption by 10% from 2012 levels by 2017. So far their coal use has been growing at 6% a year, so this marks a major reversal of trends in just four years from now. Following the air pollution plan announcement, wind and other renewable energy targets are upgraded in the capital region (Beijing, Tianjin, Hebei) grid to cover for 15% of consumption by the end of 2017, and in Shandong 10%. This is more ambitious than existing national target for 15% of non-fossil power by 2020.

These provincial coal caps mark the first time ever we see an absolute coal or energy consumption reduction being mandated in China's history. It remains to be seen how this kind of disruptive policy change is going to change China's policy thinking in the context of the UNFCCC.

However, the actual enforcement of the coal caps will be a challenging task. Besides Huabei, provinces within the other two key regions (Yangtze River Delta and Pearl River Delta) have not yet pledged their targets, following the national air quality plan. And all in all, much more action still is needed in the future to curb China's coal use.

The National Development and Reform Commission (NDRC) warned earlier in the year that China is facing daunting challenges delivering its energy and CO2 intensity targets. The energy intensity reduction target set for the 12th Five Year Plan period (2011-2015) is 16%, but only 5.5% was achieved by the first two years of the 12FYP, leaving more than two thirds

[4] http://www.greenpeace.org/international/en/news/Blogs/makingwaves/china-air-pollution/blog/46604/

of the tasks to be delivered from 2013 to 2015. Given that China's five-year plan targets are linked with its Copenhagen commitments, additional efforts have to be taken to ensure a successful delivery.

The 2015 deadline set at Durban will impact the timetable for China's own energy and emissions policy. Without the international negotiations China would stick to its traditional Five Year Plan schedule. Instead China now must think further ahead, making its long term energy and emissions policy better aligned with the investment and production schedules of the energy sector. Maintaining the top-down rule-based structures of UNFCCC regime would assist China to make further energy and emissions cuts, and also help other countries make their own efforts more transparent and comparable.

China's first CO2 emission trading system started in Shenzhen in June. This was the first of seven pilot trading systems set to start within this year, which cover some key industrial hubs of China. The pilots are expected to help the country strengthen its MRV capabilities and familiarize with the practice of market-based mechanism.

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