

## Analysis: China conservation doubts remain

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WASHINGTON, Feb. 22 (UPI) -- The success of China's amended Energy Conservation Law, which goes into effect this April with stronger regulations for transportation and construction, and improved administrative oversight, remains dubious and depends on the nature of its implementation and enforcement.

"I think they've made considerable progress. I see a real focus in this revised law on administration and supervision," said Barbara Finamore, director of the China Clean Energy project at the National Resource Defense Council and founder and board member of the China-U.S. Energy Efficiency Alliance. But, she added, "It all is going to depend on how well it is implemented."

While per-capita energy demand in China, calculated in 2005 to be 1.31 tons of oil equivalent by the World Resources Institute, remains well below the 7.7 tons per capita that WRI attributes to the United States, total Chinese demand is swiftly catching up to the American standard. Moreover, 69 percent of Chinese consumption is accounted for by coal, one of the worst emitters of carbon dioxide.

In light of these circumstances, China's 11th Five Year Plan mandates a 20-percent decrease in energy consumption and a 10-percent decrease in pollutants by 2010. Article Four of the revised Energy Conservation Law follows suit, labeling energy conservation a "top priority" and allotting it equal weight as energy development.

The original ECL, which took effect in January 1999, made energy conservation a long-term national priority. Unfortunately, it "has not accomplished its goals very well," according to Wang Mingyuan, with the Center for Environmental, Natural Resources and Energy Law at Tsinghua University.

According to Wang, the original law was debilitated in part by the Asian Financial Crisis, which depressed economic activity and thus energy demand. "Energy supply exceeded energy demanded at that time, so there was no incentive (to conserve)," he said last week at the Woodrow Wilson Center's China Environment Forum.

Moreover, Wang said, the law itself was too narrow in scope and too reliant on principles, with what he characterized as a "weak operative nature." It failed to establish clear lines of jurisdiction and accountability, and provided little regulation for the transportation and construction sectors, both of which have expanded rapidly in the decade since.

The revised ECL seeks to fill such holes, as well as provide guidelines for residential energy use. "It has new sections that call for individual metering of heat in residential buildings and charging according to actual use," said Finamore. Currently, residents are charged for energy use based on floor space and thus have little incentive to conserve.

The revised law also establishes clearer jurisdiction and accountability. It creates an energy conservation administrative department under the State Council to be responsible for national administration and supervision, and mandates that provincial governments report their progress to the State Council annually. This represents significant pressure on the governors, said Wang. But despite these improvements, "We still face some original challenges," said Wang, who participated in the drafting of the law's amendments.

Chief among such challenges are implementation and enforcement, said Finamore, who added that in some areas "what I see is that the draft revision was stronger than the final revision."

For instance, she said, the draft revision stated that entities such as the Ministry of Construction and the Ministry of Transportation would be subject to the "direction" of the new energy conservation administrative department. The final draft states only that such entities must accept its "guidance."

Moreover, while the law regulates transportation, such regulation is "similar in its level of detail as the original law," said Finamore. "It tells local governments, 'Yes, you should build public transportation,' but there's nothing in there providing incentives, or about planning requirements."

She added that China lacks sufficient personnel trained to determine whether any of the new regulations are being met. "It's easy to go in and look at the thermostat," she said, "but is a building in compliance with the mandatory energy efficiency code? That's a lot more complicated. The key aspect of building code enforcement is that you have to train the inspectors so they know what to look for."

Wang is more hopeful. "I'm optimistic about improved enforcement for this law," he said.

One reason for his optimism is that the revised ECL makes energy efficiency an important factor in determining job performance at the local level. Economic growth has been the overriding criteria until now, leading local officials to high-profit, high-energy-use projects. "Energy conservation projects, in turn, were not so attractive for local officials," said Wang. Yet even if the law is fully implemented and enforced, it may not be enough. "The missing piece is financial incentives for going beyond what the standards require," said Finamore. The standards themselves, I'm glad they're mandatory, but because they're mandatory they have to be the lowest common denominator."

Thus, she said, "even if the law were fully enforced, which depends on how much funding there is and how much detail they work out in terms of supporting regulation -- and that's all in question -- but even if they were able to do that, it's only going to go so far."

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