



## **EU-China Trade Mission**

**in the framework of the FP6 'RESTMAC' project  
26 October 2006, Beijing, China**

On 26 October 2006, the European Wind Energy Association (EWEA) in cooperation with the Global Wind Energy Council (GWEC) organised a trade mission to China. The main feature of this trade mission was the organisation of a Workshop on the Chinese Pricing Policy for Wind Power, which took place in the framework of the Great Wall World Renewables Energy Forum (GWREF 2006) in Beijing. This workshop was co-organised by GWEC, the Chinese Renewables Energy Industries Association (CREIA) and Greenpeace China.

The aim of the workshop was an in-depth dialogue between international (mainly European) wind energy companies already operating and considering to operate in China with Chinese companies and representatives of the Chinese government, and it was attended by over 100 participants, including representatives from both European and Chinese companies.

Despite its massive potential in the area of wind energy development and relatively strong government backing for the sector, China is not an easy market for foreign investors to operate in.

The Chinese Renewable Energy law, which came into force in January 2006, was expected to introduce a fixed feed-in tariff system along the lines of those operating in many European wind markets. Much to the disappointment of the international wind power industry, this did not happen, and the existing bidding system has remained in place, under which the prospective development company which commits to the lowest grid purchase price and the highest proportion of localised production usually wins the bid to build a wind power project.

This system has, to date, encouraged companies, especially Chinese state-owned enterprises, to commit to an unreasonably low price in order to win the contract. In the process they have either over-estimated the wind resource and electricity generation or underestimated the cost of the wind turbines and maintenance. The result has been a project from which they will be unable to make a reasonable return. Even after the more recent adaptations to the scheme, price has continued to be the most important deciding factor. These low prices have discouraged other companies from participating, especially from overseas.

**Shi Lishan, the Division Chief of the Energy Bureau of the Chinese National Development and Reform Commission (NDRC),** gave an introduction into the current status and future of wind energy in China.

This was followed by a presentation by **Steve Sawyer from Greenpeace and Prof Arthouros Zervos, Chairman of GWEC and President of EWEA**, on the organisations' recent joint publication entitled 'Wind Energy Outlook 2006', with a focus on wind energy development scenarios for China up to 2050.

However, the centre piece of the Workshop was the launch of GWEC, CREIA and Greenpeace's new study on China's Wind Power Pricing Policy, which was presented by Prof. **Shi Pengfei, Vice President of the Chinese Wind Energy Association (CWEA)**.

This study argues that the current policy of competitive bidding rounds for the right to construct wind farms is deterring potential investors. At worst, it could result in uneconomic or badly implemented projects. To avoid this outcome, the study recommends a thorough rethink of the way in which Chinese wind energy projects are priced and supported.

Its conclusions are important not just because new markets need to develop in an effective and efficient way but because China is at the heart of global energy policy decisions. In a country which currently gets 75% of its power from carbon dioxide producing coal and whose population is expected to reach 1.46 billion by 2030, its progress on clean energy options will be closely studied by the rest of the world.

However, the report also stresses the massive potential for wind energy in China. By the end of last year, 61 wind farms were operating around the country, with a total installed capacity of 1,260 MW. This made China the seventh largest market in the world and the second largest in Asia. But the ambitions of the Chinese government are much greater than this. By 2020 the target is for 30,000 MW to be installed. However, the industry believes that this figure could be exceeded if the right policy is put in place.

The presentations were followed by a lively debate between participants at the Industry Round Table, which consisted of representatives from both European and Chinese wind energy companies, including Fernando Caller, **Iberdrola Renewable Energies**; Barry O'Flynn, **Airtricity**; Eva Liao, **Acciona**; Ken Xu, **Vestas**; Zhao Shiming, **Huaneng**; Wu Gang, **Goldwind**; Wu Yun Dong, **Zhejiang Yunda**, and other workshop delegates.



## **Workshop: The Chinese Pricing Policy for Wind Power**

organised by  
**GWEC, CREIA and Greenpeace Beijing**

**26 October 2006**

**14.00-17.00**

**Meeting Room No 7 / 2F, Convention Centre  
Beijing**

### **14.00 Chairmen's Opening Remarks**

Prof Li Junfeng, Secretary General, CREIA

Prof Arthouros Zervos, Chairman, GWEC & President, EWEA

### **14.10 The current status and future of wind energy in China**

Shi Lishan, Division Chief of Energy Bureau, NDRC

### **14.30 Introduction of Global Wind Energy Outlook 2006**

Prof Arthouros Zervos, Chairman, GWEC & President, EWEA

Steve Sawyer, Greenpeace International

### **15.00 Report on Pricing Policy of Wind Power in China**

Prof Shi Pengfei, Vice President, CWEA

### **15.30 Q&A Session**

### **15.50 Video show: GWEC No Fuel video**

### **16.00 Industry Round Table**

Paulo Fernando Soares, Suzlon

Fernando Caller, Iberdrola Renewable Energies

Barry O'Flynn, Airtricity

Eva Liao, Acciona

Ken Xu, Vestas

Wu Gang, Goldwind

Zhao Shiming, Huaneng

Wu Yun Dong, Zhejiang Yunda