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# China: Energy efficiency is one of the keys to China's green transition

**The Danish Energy Agency's (DEA) Centre for Global Cooperation recently presented the Energy Savings Insurance (ESI) instrument at a workshop on Climate Technology Promotion Mechanism in Changsha in the Hunan province.**

As the Chinese economic growth gradually slows down, the Chinese efforts in renewable energy and energy efficiency show no signs of halting. China recently announced that they intend to introduce a system of conservation standards to cap energy consumption for all major energy-intensive industries by 2020. However, there are obstacles ahead and China may face substantial financial barriers, which could stand in the way of the implementation of their objectives. In an effort to provide part of the solution for the Chinese predicament, the Danish Energy Agency's (DEA) Centre for Global Cooperation attended the workshop on Climate Technology Promotion Mechanism in Changsha in the Hunan province on the 25th and 26th of March.

## **Workshop on Climate Technology Promotion Mechanism**

Co-sponsored by the Asian Development Bank (ADB), Hunan Development and Reform Commission and organized by the Hunan Innovative Low Carbon Center, the workshop focused on the promotion of climate technology in the Hunan-province, emphasizing the new "promotion mechanism", which supports pilot-projects in the region.

Contributing to the session on international experiences, DEA advisor Nikolaj Lomholt Svensson gave a presentation on the Danish commitment to action-oriented measures, within energy efficiency and climate financing, which was well-received by the approximately 150 participants. The presentation shed

light on the significant untapped saving potentials and the opportunities within energy efficiency. It shared Denmark's experiences working with energy efficiency and offered insight into successful public-private partnerships and Danish strongholds. The main focus of the presentation was to introduce a new initiative on energy efficiency that seeks to overcome barriers for cost effective investments in energy efficiency in developing countries and emerging economies.

## **Energy Saving Insurance and international experiences**

The Danish Energy Agency has, in collaboration with the Inter-American Development Bank, leading experts and international organizations, developed a new business model that makes it easier for banks to finance energy efficiency projects. The initiative advances an Energy Savings Insurance (ESI) that underwrites minimum savings estimated for defined efficiency measures.

As an example, the insurance instrument could be used when renovating larger buildings such as a hospital. This could bring significant future energy savings through the implementation of energy efficient measures. Increased investment in energy efficiency in developing countries benefits the environment (e.g. lowering air pollution) and local employment. Also, the ESI is well-matched with the approach of ADB and could have great potential for several of ADB's Asian programs. The session on international experiences also included talks from ADB's commercial consultancy unit, the Dutch Ministry of Economic Affairs, a South Korean academic government advisor and the Singapore-based consultancy DNV-GL .

The presenters emphasized that there is significant growth potential in Hunan, particularly within smart energy, smart buildings, intelligent infrastructure and information technology. This also illustrates the progress of the Chinese market for green technology and the development toward more sophisticated solutions. However, in order to realize the potential it is essential to coordinate cooperation between regional authorities and companies, which may be precipitated through the new promotion mechanism.

## **Meetings and Site Visits**

As the presentations concluded, DEA held meetings with the Asian Development Bank (ADB), China National Energy Conservation Center (NECC), Development and Reform Commission of Hunan Province (Hunan DRC) and Hunan Low Carbon Innovation Center (Hunan Center). Subsequently several

site visits were arranged, in order to examine the rapid developments of the Province and the significant potential it has in the area of climate technology promotion. Hunan province's GDP growth rate is in the top ten in China and there is significant interest in energy efficiency and renewable technologies, as well as an economic climate that is attractive for increasing investments in climate technologies by both public and private sectors.

[Learn more about Energy Savings Insurance here.](#)

[Learn more about DEA's cooperation with NECC here.](#)

[Learn more about Danish experiences on public-private sector cooperation on developing a district energy system in the Chinese city of Anshan.](#)

[Presentation on ESI](#)

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The Danish Energy Agency is responsible for tasks linked to energy production, supply and consumption, as well as Danish efforts to reduce carbon emissions. The Agency is also responsible for supporting the economical optimisation of utilities that in addition to energy includes water, waste and telecommunication.

We are also responsible for user conditions, supply obligation and telecommunication statistics, as well as water supply and waste management.

The Danish Energy Agency was established in 1976, and is an agency under the Ministry of Climate, Energy and Utilities.

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