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China: An emerging energy revolution in China indicates a turning point

China held its annual highlight of the wind industry, China Wind Power 2014 exhibition and conference in October.

Several prominent speakers at the opening session spoke of an energy revolution underway. This is extraordinary because the word “revolution” is otherwise rarely used in China. Director General Ren Dongming from CNREC - the partly Danish funded China National Renewable Energy Centre in Beijing - was among the prominent speakers at the opening session talking about an energy revolution.

With more than 100,000 MW installed, China is now the largest wind market in the world accounting for more than 45% of the global wind market in 2013 (measured in MW). This remarkable development can be illustrated by the forecasts for 2014, which sees China installing 18-20 GW of wind power, which is almost double the capacity of the entire EU. The global supply chain is right now busy establishing themselves in China to ensure that they get to be a part of the development. This is also the case for the Danish supply chain, which had a prominent presence at the exhibition.

The Chinese National Energy Administration (NEA) announced in September 2014, that significant changes to the Chinese wind market will be introduced in 2015. A range of measures were announced:

- strengthening competition in the marketplace
- improving technology standards with the introduction of certification requirement for main turbine components
- facilitating ongoing consolidation in the industry

- unbundling of ownership - discouraging developers from owning their own turbine manufacturer
- ensuring tender processes remain open and transparent by preventing interference from e.g. provincial governments
- improved monitoring of the wind industry and its performance

NEA aims to have supporting rules and regulation enter into force by 1 July 2015.

The upcoming measures to deal with the above mentioned measures, may indicate a turning point for foreign suppliers, who have experienced how over-supply and focus on up-front costs have made it difficult for their higher quality products to compete in an overheated market. This possible turning point makes it increasingly very interesting to for Danish manufacturers to operate on the Chinese wind market.

A new Danish Energy Agency initiative is putting the concept *Cost of Energy*, as the important basis for investment decisions, on the agenda. The project named *QualityWind*, will also aim to demonstrate through a pilot project, how performance and lifetime of wind turbines can be improved by the use of quality components. *QualityWind* is a joint initiative by the Danish Energy Agency and the Danish Trade Council.

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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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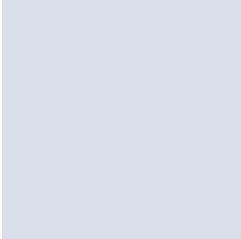
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