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China considers compulsory green energy purchases

(Xinhua)

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China's top legislature Tuesday discussed a legal amendment to require electricity grid companies to buy all the power produced by renewable energy generators.

The State Council energy department and the State power regulatory agency should supervise the purchases, said the draft amendment to the Renewable Energy Law, which was submitted to the Standing Committee of the National People's Congress (NPC) for its second reading.

It is an important official measure to support the country's fledgling renewable energy sector, experts say.

According to the draft, the State Council energy department, in conjunction with the state power regulatory agency and the State Council finance departments, should "determine the proportion of renewable energy power generation to the overall generating capacity for a certain period."

A national plan on renewable energy development issued in 2007 set a target to increase renewable resources to supply 15 percent of its total energy consumption by 2020, in a bid to reduce greenhouse gas emissions and promote sustainable economic growth.

Power enterprises refusing to buy power produced by renewable energy generators will be fined up to an amount double that of the economic loss of the renewable energy company, the draft said.

However, some lawmakers said the development of renewable energy in China faced many problems such as difficulties in connecting with the grid, over-production of wind power and solar cell material, and a lack of innovative key technologies.

They suggested that revision of the law should focus on prevention of blind development of renewable energy.

Industry experts estimated that one third of the country's installed capacity of wind power could not be well connected to the grid.

Of various types of renewable energy in China, lawmakers said, hydropower's quality and technology was the best. They suggested to further standardize hydropower development.

Other lawmakers said the country should support the development of biomass energy using crop straw so as to improve ecological environment and farmers' income.

Lawmaker Wang Shucheng, a former Minister of Water Resources, supported the proposal of grid companies buying all the power produced from renewable energy.

Wang opposed a previous idea of setting a minimum purchase quota for electric power generated by renewable energy, which would be "a hit to the fledgling wind power industry" and was unfeasible.

Grid companies said a quota was hard to determine as generation of solar and wind power was subject to "natural factors" such as wind force and light.

Industry insiders were cited in an NPC report as saying that if grid operators completed the minimum purchase quota for renewable energy, they would have no incentive to buy more renewable energy power, "which is not in line with the principle of promoting renewable energy development."

Wang suggested the use of "smart grids" as a solution to the blind development of wind power. The smart grid includes an intelligent monitoring system that can integrate alternative sources of

electricity, such as solar and wind.

Renewable energy includes non-fossil fuels such as wind and solar power, hydropower, biomass, geothermal and ocean energy.

The law, which took effect in January 2006, was aimed at promoting the use of renewable energy, increasing energy supply, safeguarding energy security and protecting the environment.

It covered pricing management and supervision measures.

Premier Wen Jiabao told the Copenhagen Climate Change conference on Friday that between 2005 and 2008, renewable energy increased by 51 percent in China, representing an annual growth rate of 14.7 percent.

Wen said in 2008, the use of renewable energy reached an equivalent of 250 million tons of standard coal.

"A total of 30.5 million rural households gained access to bio-gas, equivalent to a reduction of 49 million tons of carbon dioxide emissions," he said.

Signaling an official effort to shore up clean energy development and fight climate change, the law required the government set up a special fund to support renewable energy scientific research, finance rural clean energy projects, build independent power systems in remote areas and islands, and build information networks to exploit renewable energy.

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The fund will be managed by finance, energy and pricing sectors of the State Council.

The draft amendment stated that the government should make national development plans for renewable energy, involving grid construction, services and supporting measures.

China made a national plan on renewable energy in 2007.

The draft also said grid companies should sign agreements with certified renewable energy power generation enterprises, and buy all the power up to the standard.

The renewable energy power generation enterprises were obliged to assist the grid companies to ensure network security, it said.

In 2008, China used more hydro and solar power than any other country and its use of wind power ranked fourth.