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Renewable Energy Law of the People's Republic of China

(Adopted at the 14th Meeting the Standing Committee of the Tenth National People's Congress on February 28, 2005; Amended according to the Decision of the 12th Meeting of the Standing Committee of the 11th National People's Congress of the People's Republic of China on December 26, 2009)

Chapter I General Provisions

Article 1 This Law is enacted for the purpose of promoting the development and utilization of renewable energy, increasing the supply of energy, improving the structure of energy, safeguarding the safety of energy, protecting environment and realizing a sustainable economic and social development.

Article 2 For the purpose of this Law, "renewable energy" refers to non-fossil energies, such as wind energy, solar energy, hydroenergy, bioenergy, geothermal energy and ocean energy, etc.

The application of this Law relating to hydropower shall be set forth by the administrative department of energy of the State Council and be submitted to the State Council for approval.

This Law shall not apply to the utilization of straws or stalks, firewood or dung in the form of direct burning through an inefficient cooking range.

Article 3 This Law shall apply to the territory and other sea areas under the jurisdiction of the People's Republic of China.

Article 4 The state shall give priority to the development and utilization of renewable energy in energy development and promote the establishment and development of the renewable energy market by setting an overall target for the development and utilization of renewable energy and adopting corresponding measures.

The state shall encourage economic subjects of different ownership to participate in the development and utilization of renewable energy and shall protect the legitimate rights and interests of those who develop and utilize renewable energy .

Article 5 The administrative department of energy of the State Council shall conduct unified administration of the development and utilization of renewable energy throughout the country. Other relevant departments of the State Council shall, according to their respective functions and duties, conduct administration of the development and utilization of the relevant renewable energy.

The administrative departments in charge of the energy work of the local people's governments at and above the county level shall conduct administration of the development and utilization of renewable energy in their respective administrative regions. Other relevant departments of the local people's governments at and above the county level shall, according to their respective functions and duties, conduct administration of the development and utilization of the relevant renewable energy.

Chapter II Resources Investigation and Development Planning

Article 6 The administrative department of energy of the State Council shall organize and coordinate the investigation of renewable energy throughout the country and, in conjunction with other relevant departments of the State Council, organize the formulation of the technical criteria for resources investigations.

Other relevant departments of the State Council shall, according to their respective functions and duties, take charge of the investigation of the relevant regenerable energies and submit the investigation results to the administrative department of energy of the State Council.

All results of the investigation of renewable energy shall be published except those that the state requires to keep confidential.

Article 7 The administrative department of energy of the State Council shall, in light of the energy demand and the status of the renewable energies throughout the country, formulate a national long- and medium-term total target for the development and utilization of renewable energies, submit it to the State Council for approval, and publish and implement it after it has been approved by the State Council.

The administrative department of energy of the State Council shall, according to the total target as set according to the preceding paragraph and in light of the economic development and the conditions about the renewable energies of each province, autonomous region and municipality

directly under the Central Government, and in conjunction with the people's government of each province, autonomous region and municipality directly under the Central Government, fix and publish a long- and medium-term target for the development and utilization of renewable energies for each administrative region.

Article 8 The energy department of the State Council shall, according to the national mid- and long-term total target for the development and utilization of regenerable energy resources and the development status of renewable energy technologies, work out a national plan for the development and utilization of renewable energy resources together with other relevant departments of the State Council, submit it to the State Council for approval, and implement it after it is approved by the State Council.

The relevant departments of the State Council shall make relevant plans facilitating the realization of the national mid- and long-term total target for the development and utilization of renewable energy resources.

The administrative departments in charge of the energy work of the people's governments of all provinces, autonomous regions and municipalities directly under the Central Government shall, according to the national plan for the development and utilization of regenerable energy resources and the mid- and long-term target for the development and utilization of regenerable energy resources for their respective administrative regions, work out plans for the development and utilization of renewable energy resources for their respective administration regions together with other relevant departments of the people's governments at the same level, submit them to the people's governments at the same level for approval and the energy department of the State Council and the State Electricity Regulatory Commission for archival purposes, and implement them after they are approved.

Any approved planning shall be published except those that the state requires to keep confidential.

Any amendment to an approved planning shall be subject to the approval of the original approving organ.

Article 9 To work out a plan for the development and utilization of renewable energy resources, it needs to follow the principles of adjusting measures to local conditions, taking all factors into consideration, realizing reasonable layout and sticking to orderly development, and make overall plans for the development and utilization of wind energy, solar energy, water energy, biomass energy, geothermal energy, ocean energy and other renewable energy resources. The plan shall contain the development targets, major tasks, regional layout, key projects, progress, construction of associated power network, service systems, safeguards, etc.

The department responsible for working out the plan shall solicit comments from relevant entities, experts and the general public, and shall conduct scientific assessment.

Chapter III Industrial Guidance and Technical Support

Article 10 The administrative department of energy of the State Council shall, according to the national planning for the development and utilization of renewable energies, formulate and publish a regenerable energy resource industry development guidance catalogue.

Article 11 The administrative department of standardization of the State Council shall formulate and publish national technical standards for grid synchronization of electricity generated by using renewable energies and national standards for other techniques and products relating to renewable energies for which there should be nationally uniform technical standards.

With regard to any matter not covered by the national standards as mentioned in the preceding paragraph, the relevant department of the State Council may formulate relevant industrial standards and submit them to the administrative department of standardization of the State Council for archival purposes.

Article 12 In the development of science and technology and high-tech industrial development, the state shall give priority to the scientific and technological research in, and the industrialization of, the development and utilization of regenerable resources, incorporate the said research and development and utilization into the national scientific and technological development planning and high-tech industrial development planning, arrange for funds to support the scientific and technological research in, and application, demonstration and industrialization of, the development and utilization of regenerable energies, promote the progress of the technology relating to the development and utilization of regenerable energies, decrease the production cost of the products of renewable energies, and enhance the product quality.

The administrative department of education of the State Council shall incorporate the knowledge and technology relating to regenerable energies into the courses of both general and vocational education.

Chapter IV Popularization and Application

Article 13 The state shall encourage and support grid synchronization of power generated by using renewable energies.

Anyone who wishes to construct a project of synchronized electricity generation by using renewable energies shall obtain an administrative license or report the project for archival purposes in accordance with the relevant laws and the relevant provisions of the State Council.

Where two or more persons apply for an identical project as mentioned above which is subject to administrative licensing, the licensee shall be determined through public bidding.

Article 14 The state applies the system of guaranteeing the purchasing of electricity generated by using renewable energy resources in full amount.

The energy department of the State Council shall, together with the State Electricity Regulatory Commission and the public finance department of the State Council, and according to the national plan for the development and utilization of renewable energy resources, determine the target proportion, which shall be realized in the planning period, between the electricity generated by using regenerable energy resources and the total electricity generated and work out the specific measures for power grid enterprises to firstly schedule the generation of electricity with renewable energy resources and purchase electricity generated by using renewable energy resources in full amount. The energy department of the State Council and the State Electricity Regulatory Commission shall urge the implementation of such measures in the planning years.

Power grid enterprises shall conclude grid connection agreements with enterprises which generate electricity by using renewable energy resources and which have gone through the administrative licensing or archive-filing formalities according to the plan for the development and utilization of renewable energy resources, purchasing in full amount the on-grid electricity of the grid-connected power generation projects which meet the grid connection technical standards in the coverage area of their power grids. Electricity generating enterprises are obliged to cooperate with power grid enterprises in protecting grid security.

Power grid enterprises shall strengthen the power grid construction, expand the scope of areas where electricity generated by using renewable energy resources is provided, develop and apply intelligent power grid and energy storage technologies, improve the operation and management of power grids, improve the ability for absorbing electricity generated by using renewable energy resources, and provide services for bringing electricity generated by using renewable energy resources on grid.

Article 15 The state shall support the construction, in areas not covered by any grid, of independent systems of electricity generated by using renewable energies for providing electricity service to the local production and people's daily life.

Article 16 The state shall encourage the clean and highly efficient development and utilization of biomass fuels and the development of energy crops.

Enterprises operating a gas or heat pipe network shall accept the access to its network of the gas or heat produced by using biomass resources, provided that the gas or heat meets the technical standards for access to the urban gas or heat pipe network.

The state shall encourage the production and utilization of biological liquid fuels. Each petrol selling enterprise shall, in accordance with the relevant provisions of the administrative department of energy of the State Council or of the local people's government at the provincial level, incorporate biological liquid fuels that meet the national standards into its fuel selling system.

Article 17 The state shall encourage entities and individuals to install and use solar water heating systems, solar heating and refrigeration systems and solar photovoltaic electricity generation systems.

The administrative department of construction of the State Council shall, in conjunction with other relevant departments of the State Council, formulate technical and economic policies and technical criteria for the combination of solar energy utilization systems with the construction of buildings.

Real estate development enterprises shall, in accordance with the technical criteria referred to in the preceding paragraph, take into account the requirements for using solar energy when designing and constructing buildings.

With regard to a building already completed, the user may install a solar energy utilization system that meets the relevant technical criteria and product standards, provided that such installation shall not adversely affect the quality or safety of the building, and except that it is otherwise agreed to by the relevant parties.

Article 18 The state shall encourage the development and utilization of renewable energies in rural areas.

The departments in charge of the energy work of the local people's governments at and above the county level shall, in conjunction with other relevant departments and in light of the need of the local economic and social development, ecological protection and comprehensive control of hygiene conditions, formulate renewable energy resource development planning for rural areas and, in light of the local conditions, popularize the use of marsh gas and other conversion of biomass resources, domestic solar energy, small-scale wind energy and small-scale hydroenergy techniques.

The local people's governments at and above the county level shall provide financial support for renewable energy utilization projects in rural areas.

Chapter V Price Control and Cost Compensation

Article 19 The on-grid electricity prices for projects of electricity generation by using renewable energies shall be determined by the administrative department of price of the State Council in light of the conditions of different areas and the characteristics of electricity generation by using renewable energies of different types, and according to the principle of helping promote the development and utilization of regenerable energies and the principles of economy and rationality, and be adjusted in a timely manner by the same department in light of the development of the renewable energy resource utilization technology. On-grid electricity prices shall be published.

The on-grid electricity price for a project of electricity generation by using regenerable energies for which public bidding is held under Paragraph 3 of Article 13 hereof shall be the price as fixed through bidding, provided that the price may not be higher than the that as set under the preceding paragraph for a project of the same type.

Article 20 If the cost arising from the purchase by a power grid enterprise of electricity generated by using regenerable energy resources at an on-grid price fixed under Article 19 hereof is higher than the cost as calculated according to the average on-grid electricity price for electricity generated by using conventional energy resources, the difference shall be covered by collecting additional charges to the price of electricity generated by using renewable energy resources in the sale of electricity around the whole nation.

Article 21 Access cost and other relevant expenses reasonably incurred to an electricity grid enterprise due to its purchase of electricity generated by using regenerable energies may be reckoned in its electricity transmission cost and be recoverable from the selling price of electricity.

Article 22 The selling price of electricity for the public independent power system of electricity generated by using renewable energy resources as constructed with the investment or subsidy of the state shall be determined according to the local standards for classified selling prices of electricity. If the reasonable operation and management cost is higher than the selling price of electricity, the difference shall be compensated for in the way as provided for in Article 20 of this Law.

Article 23 The price of heat or gas produced by using renewable energy energies and put in an urban pipe network shall be determined according to the principle of helping promote the development and utilization of regenerable energies and the principles of economy and rationality

and the provisions concerning price control power limits.

Chapter VI Economic Incentives and Supervisory Measures

Article 24 A renewable energy development fund shall be set up by the national finance, and the sources of funds shall include the annual special-purpose funds arranged by the national finance, the additional income to the price of electricity generated by using renewable energy resources as collected according to law, etc.

The renewable energy development fund shall be used to compensate for the differences mentioned in Articles 20 and 22 and to support:

1. the scientific and technological research in, the formulation of the standards for and the demonstration projects for the development and utilization of renewable energy resources;
2. the renewable energy utilization projects in rural and pastoral areas;
3. the construction of the independent electricity generation systems using renewable energy resources in remote areas and islands;
4. the prospecting and assessment of renewable energy resources and the construction of relevant information systems; and
5. the promotion of the localized production of equipment for the development and utilization of renewable energy resources.

For the access cost and other relevant costs mentioned in Article 21 of this Law that cannot be recovered from the selling price of electricity, the power grid enterprises may apply to the renewable energy development fund for subsidies.

The specific measures for the administration of the collection and use of the renewable energy development fund shall be formulated by the public finance department of the State Council together with the energy department and the price department of the State Council.

Article 25 A financial institution may offer a favorable loan with a financial discount for a renewable energy development and utilization project that is listed in the regenerable energy industry development guidance catalogue and that meets the credit requirements.

Article 26 The state shall adopt a tax preferential policy for projects that are listed in the regenerable energy industry development guidance catalogue.

Article 27 Each power enterprise shall keep true and complete records about electricity generation by using regenerable energies and accept inspection and supervision by the power regulatory authorities.

The power regulatory authorities shall comply with the statutory procedures when conducting inspections and keep confidential the business and other secrets of inspected enterprises.

Chapter VII Legal Responsibilities

Article 28 If the administrative department of energy of the State Council or any of the departments in charge of the energy work of the local people's governments at and above the county level violates any of this Law by committing any of the following acts, such department shall be ordered to make rectifications by the relevant department of the people's government at the corresponding or next higher level, with the person-in-charge who is held responsible and other persons directly responsible being given a disciplinary sanction, or being investigated for assuming criminal liabilities, if a crime is constituted:

(1) failure to make a decision on administrative licensing according to law;

(2) failure to investigate or deal with any illegal act when knowing it; and

(3) other failures to perform its supervision and administration duty according to law.

Article 29 Any power grid enterprise violating Article 14 of this Law by failing to purchase the quantity of the electricity generated by using regenerable energy resources as required and thus causing economic losses to the relevant enterprise which uses regenerable energy resources to generate electricity shall be liable for such losses and be ordered by the State Electricity Regulatory Commission to make corrections within a specified time limit and, if it refuses to make corrections as required, be given a fine not exceeding the amount of the losses suffered by the relevant power enterprise.

Article 30 Any enterprise operating a gas or heat pipe network that violates Paragraph 2 of Article 16 hereof by refusing to accept the access to its network of the gas or heat produced by using biomass resources but meets the technical standards for access to the urban gas or heat pipe network and thus causing economic losses of the gas or heat production enterprise shall be liable for such losses and be ordered by the department in charge of the energy work of the relevant people's government at the provincial level to make corrections within a specified time limit and, if it refuses to make corrections as required, be given a fine not exceeding the amount of the losses suffered by the gas or heat production enterprise.

Article 31 Any petrol selling enterprise that violates Paragraph 3 of Article 16 hereof by failing to incorporate biological liquid fuels that meet the national standards into its fuel selling system and thus causing economic losses to the relevant biological liquid fuel production enterprise shall be liable for such losses and be ordered by the administrative department of energy of the State Council or the department in charge of the energy work of the relevant people's government at the provincial level to make corrections within a specified time limit and, if it refuses to make corrections as required, be given a fine not exceeding the amount of the losses suffered by the relevant biological liquid fuel production enterprise.

Chapter VIII Supplementary Provisions

Article 32 For the purpose of this Law, the following terms and expressions shall have the following meanings:

- (1) "bioenergy" means energy converted from natural plants or dung in nature or urban or rural organic wastes;
- (2) "independent system of electricity generating by using renewable energy" means a system of electricity generating by using renewable energy that operates independently without being synchronized with any grid;
- (3) "energy plant" means herbs or woody plants which are grown specially as energy materials; and
- (4) "biological liquid fuel" means liquid fuels produced by using biomass resources, such as carbinol, ethanol and biodiesel.

Article 33 This Law shall come into force as of January 1, 2006.