

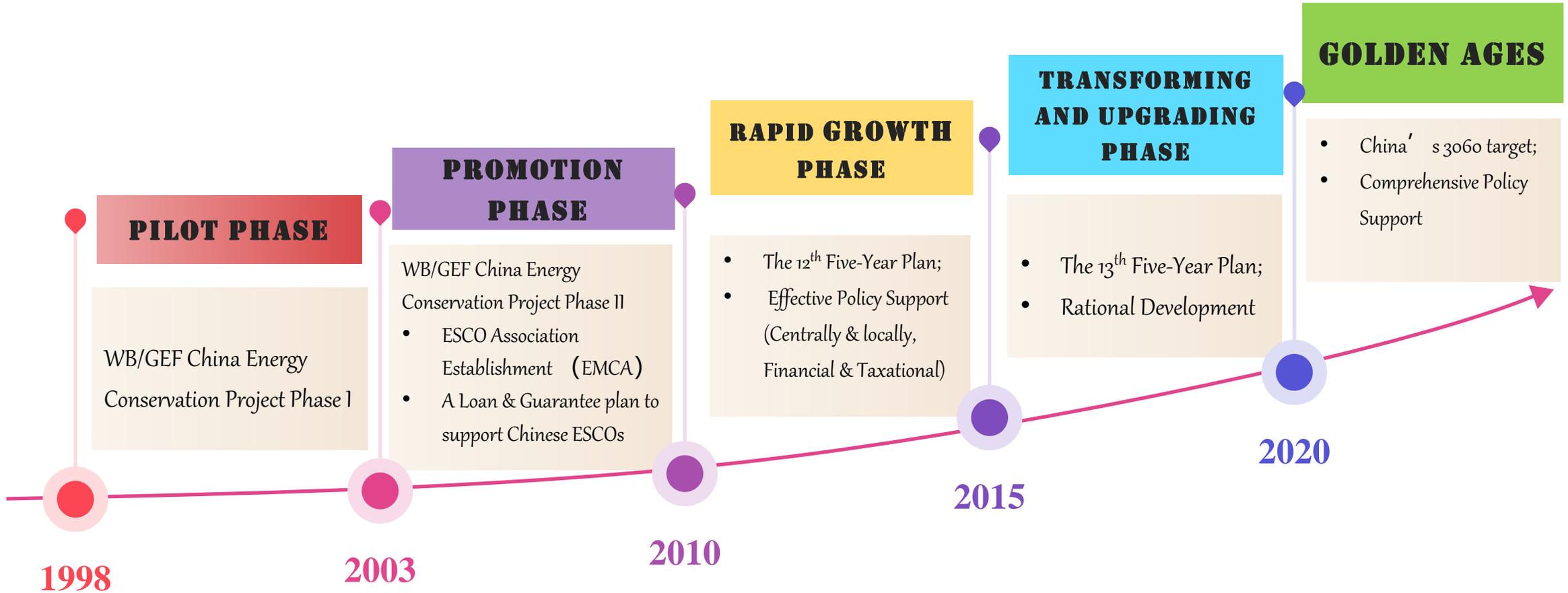
The logo for EMCA, consisting of the letters "EMCA" in white, bold, sans-serif font, centered within a dark blue oval shape.

EMCA

ESCO Market in China

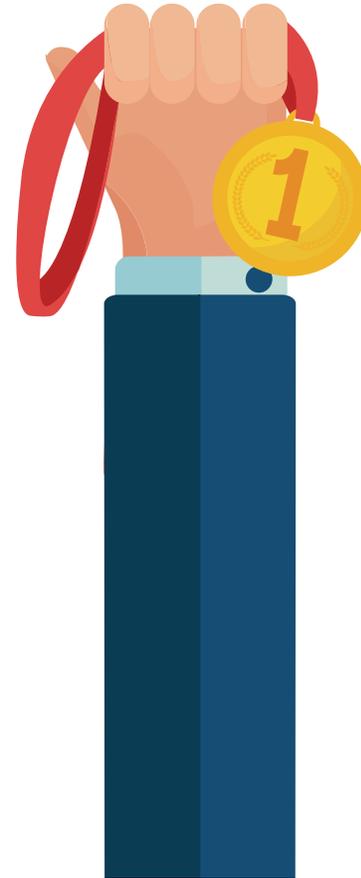


DEVELOPMENTS AND PHASES OF ESCO MARKET IN CHINA



RAPID GROWTH PHASE (2011-2015)

- 🕒 Time period: 2011-2015 (The 12th Five-year Plan)
- 👉 During this period, Chinese government had paid increasing attention to EPC mechanism and ESCO, with more and more policy support;
- 👉 EPC mechanism had developed into a market-oriented energy saving mechanism as government supportive and users accepted model.



RAPID GROWTH PHASE (2011-2015)

FINANCIAL INCENTIVES POLICY

In June 2010, the Ministry of Finance and the NDRC jointly issued A notice on the Interim Measures for the Management of Financial Incentive Funds for Energy Performance Contracting Projects.



PREFERENTIAL TAX SUPPORTING POLICY

In December 2010, the Ministry of Finance and the State Administration of Taxation issued a tax policy especially for ESCOs, which stipulated that for the qualified ESCOs, their EPC projects are exempted from value-added tax, and their business tax, and for the corporate income tax out of the EPC projects applied for the preferential tax of exemption for the first three years, and half reduced for the following second three years.

SUPPORTING POLICIES

THE DEVELOPMENTS OF CHINA'S ESCO MARKETS

- 2001-2005
The 10th Five-year Plan
- 2006-2010
The 11th Five-year Plan
- 2011-2015
The 12th Five-year Plan
- 2016-2020
The 13th Five-year Plan
- 2021-2025
The 14th Five-year Plan

The Changing Numbers of China's ESCOs (2005-2015)



THE DEVELOPMENTS OF CHINA'S ESCO MARKETS

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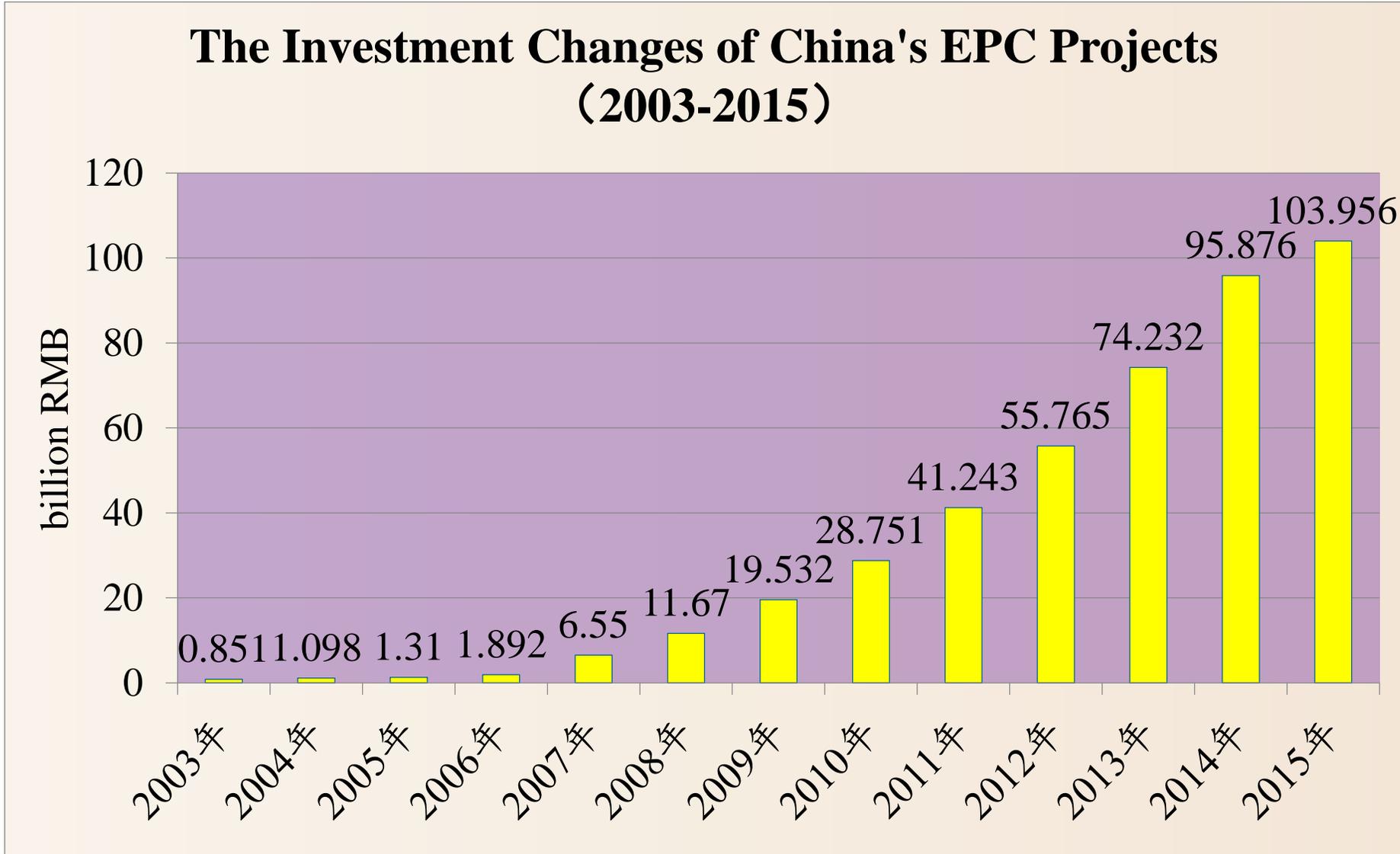
The Changing Numbers of Employees in ESCO Market (2005-2015)



THE DEVELOPMENTS OF CHINA'S ESCO MARKETS

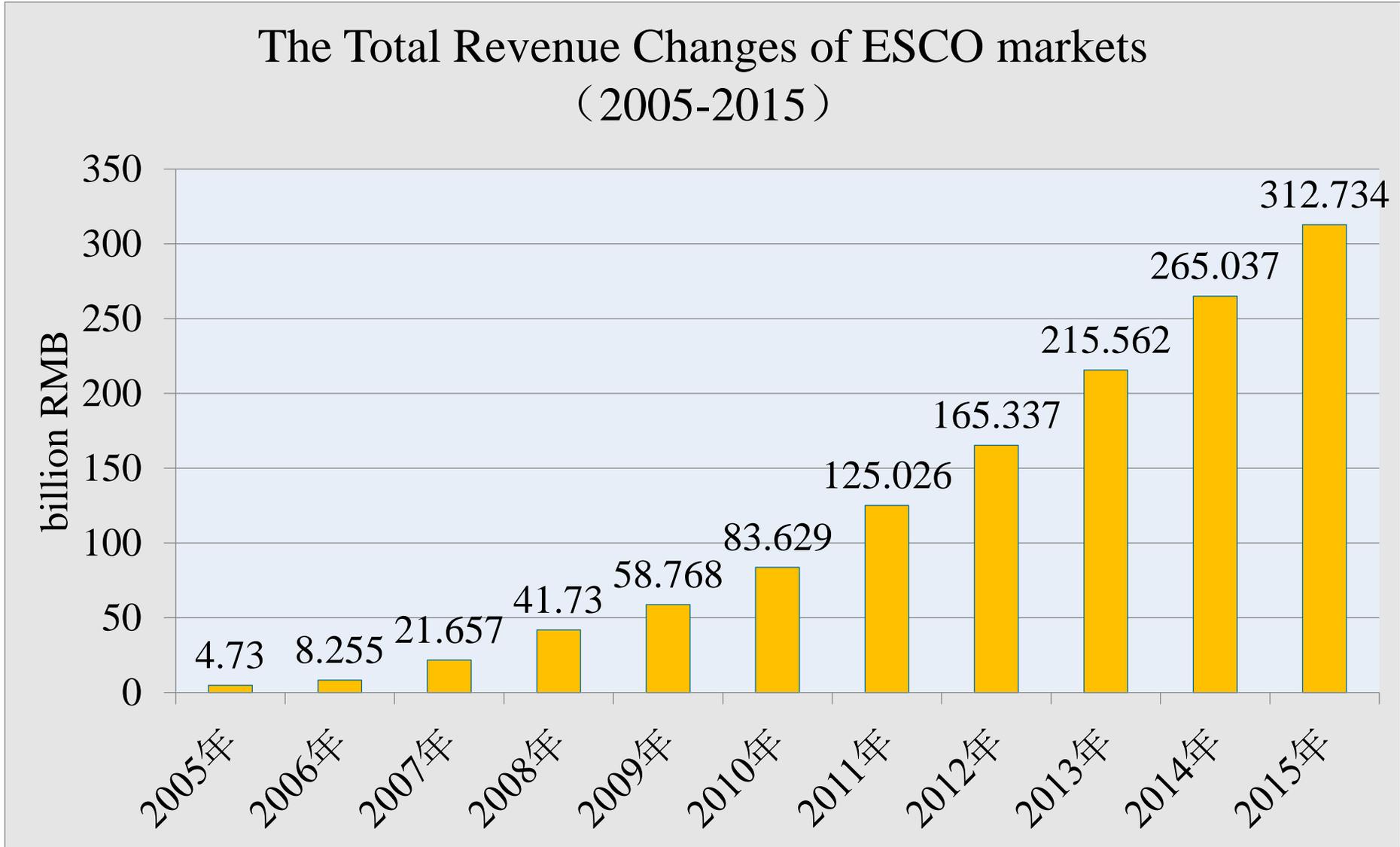
- 2001-2005
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- 2006-2010
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The Investment Changes of China's EPC Projects (2003-2015)



THE DEVELOPMENTS OF CHINA'S ESCO MARKETS

- 2001-2005
The 10th Five-year Plan
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THE DEVELOPMENTS OF CHINA'S ESCO MARKETS (2005-2015)

- **During China's 11th Five-year Plan and the 12th Five-year Plan, China's ESCO market experienced an explosive growth development phase, especially during the 12th Five-year Plan period.**
- **Consequence: During this period, ESCO market has developed rapidly, and the industrial scale has risen sharply. However, there were lacking of the supporting mechanisms and detail implementation plan, which result in the difficulties of the policy implementation and target fulfillment.**

TRANSFORMING AND UPGRADING PHASE (2016-2020)

A

The number of the employees engaged in ESCO market continues to grow, as well as the number of China's ESCOs, but the growth rate had slowed down compared with the 11th Five-year Plan and the 12th Five-year Plan.

B

According to our statistics, the EPC projects in non-industrial field had been arising, and the number of EPC projects in building field accounts for the largest proportion presently.

C

The technological types of EPC projects are more diversified.

D

The understanding to EPC mechanism becomes more and more rational from the whole society;
Many breakthroughs and innovations in technological development, project business operation mode, and in the aspect of value-added services.

E

More and more factors is and will be supporting the growth of China's ESCO market.



TRANSFORMING AND UPGRADING PHASE (2016-2021)



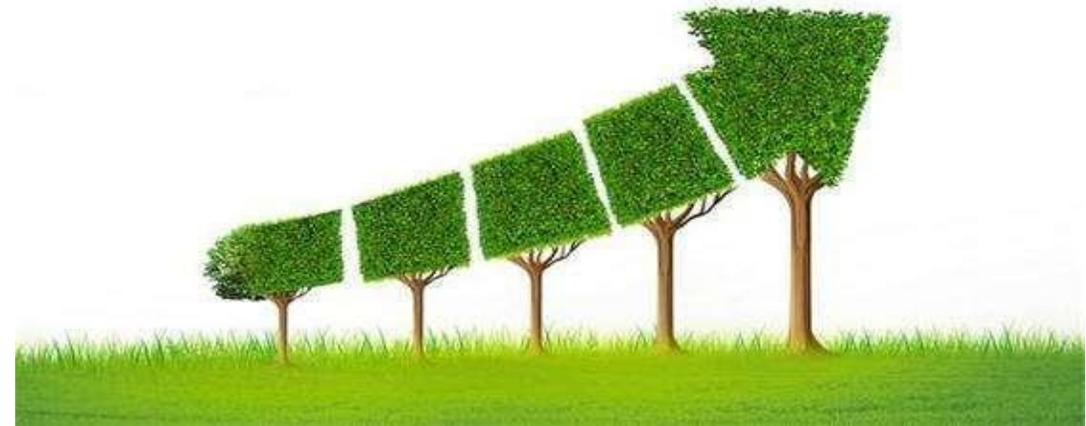
TRANSFORMING AND UPGRADING PHASE (2016-2020)

Some factors that support the growth of ESCO market during this phase:

- Policy plays substantial roles on guiding the hot spots of the ESCO market.
- More and more ESCOs employ or develop their own intelligent operation platform, and the advanced technological tools, including big data, Internet of Things, AI, 5G, and block chain, to assist their energy users in achieving the promotion of their energy efficiency, to help their project better implemented.
- The standard or criteria system construction is keep improving.

GOLDEN AGES (2020-)

- 🍷 The Golden Ages started from the year of 2020, the point that China officially setup and announce our 3060 dual carbon goal;
- 🍷 Chinese government has put forward many policies and documents, such as working mechanisms, requirements, methods, etc. to promote our dual carbon goals, in which, many of them include to actively promote EPC mechanism, including central government's policies and documents as well as the local governments and different sectors, such as the iron and steel sector, public organization sector. This is also a great incentive for ESCO market.



THE OBSTACLES AND PROBLEMS OF CHINA'S ESCO MARKET

The enthusiasm of energy users of implementing energy renovation has not been fully mobilized, so the market potential of ESCO market is far from being fully released;

It still lacks of energy saving technologies with subversive effects, and the difficulty of achieving more saved energy in renovation projects will be more and more.

Financing is still a barrier for ESCOs.

In order to achieve our dual carbon goal, we will need 100 to 140 trillion RMB for the next three decades, which is more than 3 trillion RMB annually.

SOME CONCLUSION AT THE END

A

The guidance and support of our policies have played a significantly role for the development of ESCO market in China.

B

Driven by China's dual carbon goals, more policies and documents that are conducive to ESCO market will be introduced in the future.

C

The mode, type, and the service content of EPC will continuously evolve, and the extension and the connotation of the concept of EPC will continuously evolve in China in the future.

D

ESCO market still has tremendous potentials in China, and it is of great significance to promote the overall green transformation of China's high-quality economic development.

E

WE STILL HAVE A LONG WAY TO GO TO PERFECT THE ESCO MARKET IN CHINA

ABOUT US-EMCA

ESCO COMMITTEE OF CHINA ENERGY CONSERVATION ASSOCIATION



EMCA is China's national ESCO association, established with the support of the National Development and Reform Commission, the Ministry of Finance, the World Bank, and the Global Environment Facility. It was registered at the Ministry of Civil Affairs in 2003.

EMCA is committed to building a bridge between ESCOs and the government, establishing a public service platform for the national energy-saving service industry, and becoming a window for exchanges and cooperation at home and abroad.



THANK YOU

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