

All translations on this site are unofficial and provided for reference purpose only.

Notice on actively promoting the non-subsidized generation of wind and PV power

Published on: January 7, 2019

Original title: 国家发展改革委 国家能源局 关于积极推进风电、光伏发电无补贴平价上网有关工作的通知 发改能源[2019]19号

Links: Source document (in Chinese) ([link](#)).

National Development and Reform Commission

National Energy Administration

Notice on actively promoting the non-subsidized generation of wind and PV power

NDRC Energy [2019] No. 19

To the Development and Reform Commission (Energy departments) and Commission of Economy and Informatization (Office of Industry and Information Technology) of all provinces, autonomous regions, directly-controlled municipalities, and the Xinjiang Production and Construction Corps, local branches of the National Energy Administration, State Grid Corporation, China Southern Power Grid Corporation, Inner Mongolia Power Company, China Huaneng Group Corporation, China Datang Corporation, China Huadian Corporation, National Energy Investment Corporation, China Power Investment Corporation, China Resources Group Corporation, China Yangtze River Three Gorges Corporation, China Development and Investment Corporation, China National Nuclear Corporation, China General Nuclear Power Group, Electric Power Planning and Design Institute, Hydropower and Water Conservancy Planning and Design Institute :

With the large-scale development and rapid technological advancement of wind and photovoltaic power generation, in areas with good resources, low construction costs, and good investment and market conditions, conditions have basically been met for grid-parity (no state subsidies required) with the benchmark feed-in tariff for coal-fired power。 To promote the high quality development of renewable energy, and to improve the market competitiveness of wind power and photovoltaic power generation, notice is hereby given of the following relevant requirements and support policies and measures for promoting non-subsidized wind and PV power generation。

1. Construct pilot projects with feed-in tariffs at grid-parity and below-grid-parity

。 All administrative areas should earnestly summarize experiences with wind and PV power generation development and construction within their administrative area, and

whilst taking natural resources, consumption, and the utilization of new technologies into account, promote the construction of wind and PV pilot projects that do not require state subsidies and will receive the benchmark feed-in tariff for coal-fired power (hereinafter referred to as grid-parity projects). In administrative areas with excellent resource conditions and strong guarantees for market consumption, guide the construction of a batch pilot projects with a feed-in tariff below the benchmark feed-in tariff for coal-fired power (hereinafter referred to as below-grid-parity projects). Under the premise of being in accordance with the renewable energy construction plans of the province (autonomous region, directly-controlled municipality), with the requirements of the national annual monitoring and early warning mechanism for wind or PV power generation, and where conditions for implementation of grid-connection by the grid enterprises and consumption are met, the provincial-level energy authorities shall organize the implementation of grid-parity and below-grid-parity projects in the administrative area. The relevant projects are not subject to annual construction scale restrictions. For wind and PV projects that have not started construction and completed construction within the prescribed time limits, the project approval (recording) agency shall promptly remove and cancel it, to clear up room on the market for grid-parity and below-grid-parity projects.

2. Optimize the investment environment for grid-parity and below-grid-parity projects. Relevant local government departments shall support grid-parity and below-grid-parity projects in land-use and land-related charges, properly integrate relevant planning, prioritize use of unused state-owned land, encourage combined land use, reduce costs related to project sites, and coordinate implementation of project construction, grid connection, and power consumption conditions. The local government departments are further forbidden from charging any type of resource transfer or other fees, are not allowed to require investment in local factories, or to request or have 'hidden requests' for the purchase of local equipment as a strict condition for project construction, in order to effectively reduce the non-technological project costs. Local energy authorities at the various government levels may, jointly with other relevant departments, issue time-limited subsidy policies. Projects that receive subsidies only from local government agencies are still regarded as grid-parity projects.

3. Guarantee priority dispatch and guaranteed full purchase. For wind and PV grid-parity and below-grid-parity projects, grid companies should ensure that the full amount of electricity generated by the project is dispatched, and in accordance with the requirements of the renewable energy monitoring and evaluation system, monitor the

curtailment of wind and PV projects. If there is curtailment of wind or PV, there will be limits placed on the volume of transferable priority power generation in power planning. After approval of the priority power generation plan, this may participate in priority power generation rights trading (transfer) nationwide, with transaction prices determined by the market. Power trading institutions shall improve trading platforms and tradeable products, and shall organize implementation of relevant transactions。

4. Grid-parity and below-grid-parity projects are encouraged to obtain a reasonable income supplement through green certificate trading. Wind and PV grid-parity and below-grid-parity projects may, for those tradable renewable energy green electricity certificates obtained in accordance with the national renewable energy green electricity certificate management mechanism and policy (hereinafter referred to as green certificates), earn income through the sale of green certificates. The national government shall guide market-based green certificate trading through a variety of measures。

5. Strictly implement responsibilities for grid connection by power grid enterprises. In the planning stage of wind and PV grid-parity and below-grid-parity projects, the relevant provincial-level energy authorities shall supervise provincial-level grid enterprises in carrying out measures for grid-connection and demonstrating the existence of consumption markets. The relevant provincial-level power grid enterprises are responsible for investment for all supporting power grid construction starting from the projects' MV/HV transformer, and ensure that construction of these supporting power grid infrastructure keeps pace with construction progress of the project, so that when the project is completed, it can be connected to the grid and start operating in a timely manner。

6. Promote the non-subsidized development of wind and PV power generation through market-based trading. The NDRC and NEA, jointly with relevant organizations, shall organize carrying pilots for market-based trading for distributed generation. Encourage the construction of wind and PV power generation projects without national government subsidies in demonstration projects such as privately invested expansions of distribution networks, clean energy consumption industrial parks, local networks, renewable energy microgrids, and smart grid demonstration projects, and to carry out pilots for direct trading with local consumption. Encourage industrial enterprises, data centers and distribution network operators with relatively large and stable electrical load to carry out medium and long-term power trading with wind and PV power generation enterprises, and achieve the market-based development of wind and PV power generation projects without national government subsidies。

7. Reduce transmission and distribution fees and surcharges for electricity consumed locally and for electricity in direct trading. For the distributed market-based trading pilot projects included in the relevant national pilot and demonstration schemes, the traded volume of electricity is only subject to the transmission and distribution fees for the distribution network at the voltage level that the wind and PV power projects are connected to the grid with and that are used to realize consumption, and is exempt from transmission fees for voltage levels not included in the previously mentioned items. For the volume of locally consumed directly traded renewable electricity included in these pilots, policy-based cross-subsidies shall be reduced.

8. Strongly promote the construction of grid-parity and below-grid-parity projects with electricity consumed locally. For wind and PV grid-parity and below-grid-parity projects that are to be connected to the public power grid and have their electricity consumed within the provincial-level grid, may independently organize construction after coordinated implementation of support policies by the relevant provincial-level energy authorities. Provincial-level power grid enterprises shall bear responsibility for purchasing the electricity from grid-parity and below-grid-parity projects, and in accordance with the local benchmark feed-in tariff for coal-fired power as determined by the national government valid at the time of project approval, sign a long-term purchase contract (for no less than 20 years) with a fixed electricity price with the wind and PV projects. Such projects shall not be required to participate in market-based electricity trading (with the exception of distributed market-based trading pilot projects and pilot projects for direct trading with local consumption).

9. Promote the construction of non-subsidized wind and PV power generation projects in conjunction with the construction of inter-provincial and inter-regional transmission lines. For non-subsidized wind and PV power generation projects with power exported by inter-provincial and inter-regional transmission lines, specific implementation shall be organized by the provincial energy authority at the receiving end, after the exporting and receiving sides have fully arranged consumption markets and electricity prices and have specified the scale and pace of construction. Areas at receiving ends of inter-provincial or inter-regional transmission lines are encouraged to prioritize wind and PV grid-parity and below-grid-parity projects, and to determine the feed-in tariff in accordance with the local benchmark feed-in tariff for coal-fired power in the receiving area (or slightly below) after deducting the transmission fee of the transmission line. The relevant government departments and power grid enterprises in the receiving area shall bear responsibility for arranging the consumption of the volume of electricity from non-subsidized wind and PV power

generation projects delivered through inter-provincial or inter-regional transmission lines, and shall, on the basis of agreement with the grid enterprise in the exporting area, sign a long-term purchase contract (for no less than 20 years) with a fixed electricity price with the wind and PV projects. Priority dispatch and guaranteed full purchase policies shall be strictly implemented for non-subsidized wind and PV power generation projects, and these shall not be required to participate in inter-regional market-based electricity trading.

10. Innovative financial support measures. Financial institutions such as the National Development Bank and the four state-owned commercial banks shall, in accordance with the national renewable power generation development plan and relevant local measures for grid-parity renewable power generation, arrange reasonable volumes of credit, innovative financial services, develop financial products that suit the characteristics of these projects, and actively support achieving grid-parity or renewable power generation. At the same time, power generation projects that meet the requirements and related issuers are encouraged to raise funds through the issuance of corporate bonds, and to be audited in ways similar with specialized bond varieties.

11. Properly carry out early warning management. Areas that have received red warnings in the monitoring and early warning (evaluation) of wind and PV power generation, shall, in principle, not arrange further wind and PV grid-parity and below-grid-parity projects for consumption within the respective administrative area, with the exception of grid-parity demonstration projects that are already planned to be constructed and non-subsidized wind and PV projects with electricity exported by inter-provincial and inter-regional transmission lines ; Areas that have received orange warnings are encouraged to select from those projects that have already been approved (recorded) only those grid-parity and below-grid-parity projects that have relatively good quality resource conditions ; Areas that have received green warnings may unilaterally carry out construction of grid-parity and below-grid-parity projects on the premise of arranging conditions for consumption.

12. Dynamically improve the mechanisms for support and assessment of total energy consumption. When the provincial-level people's government carries out assessment of "double control" targets for total energy consumption and energy intensity, under the premise of ensuring achievement of the "double control" targets for energy consumption at the national level, the volume of renewable energy consumption exceeding the planned consumption of renewable energy in the respective

administrative area shall not be included in the assessment of the “double control” targets。

All relevant organizations are requested to adhere to the above mentioned requirements, and actively promote the construction of wind and PV grid-parity and below-grid-parity projects. The energy authorities of each province (autonomous region, directly-controlled municipality) shall submit relevant project information to the National Energy Administration。 The National Development and Reform Commission and the National Energy Administration will promptly publicize the list of grid-parity and below-grid-parity projects, and coordinate and supervise relevant parties in their implementation of relevant support policies。

For wind and PV grid-parity and below-grid-parity projects that have been approved (recorded) and have started construction before the end of 2020 in accordance with the requirements of this notice, support policies will remain unchanged during the operational lifetime of the project。 The National Development and Reform Commission and the National Energy Administration will timely study and summarize experience with the pilot projects in the various administrative areas, and on the basis of the development of wind PV power generation, adjust the post-2020 grid-parity policies。

National Development and Reform Commission

National Energy Administration

January 7, 2019