

Joint Statement on the Implementation of the EU-China Cooperation on Energy

Brussels, Belgium, 9 April, 2019

Building upon the previously endorsed *EU-China Joint Statement for Enhanced Cooperation on Electricity Markets* of 2012, the *EU-China Joint Declaration on Energy Security* of 2013, the *EU-China 2020 Strategic Agenda for Cooperation* of 2013, the *EU-China Roadmap on Energy Cooperation* of 2016 and the 2018 *Joint Leaders' Statement on Climate Change and Clean Energy*, the European Union and the Government of the People's Republic of China, hereinafter referred to as "both sides", have come to the following mutual understanding:

1. The energy cooperation's overarching goal is to further the global clean energy transition while improving the security of energy supply through maximising the benefit of energy efficiency, increasing the share of renewable energy sources in the energy mix, and supporting fuel-switching to low-carbon energy sources traded on open and transparent global markets. Stepping up action will provide both sides with significant opportunities for modernising their economies, enhancing competitiveness, and ensuring socio-economic benefits of increased clean energy access.
2. Both sides recognise that energy needs to be affordable, reliable, secure, and produced in a way that preserves our environment and ensures climate resilient economies and societies.
3. Both sides reaffirm their willingness to significantly intensify their political, technical, economic and scientific cooperation on clean energy, in view of the necessary world-wide transformation to a resource efficient, sustainable, low greenhouse-gas emission and climate resilient energy system.
4. The clean energy transition requires innovative solutions. Businesses engaged in developing and providing these solutions are thus crucial actors, but need the right platforms and opportunities to successfully commercialise their ideas. Both sides therefore seek to address the need for a level playing field that offers reciprocal opportunities and challenges for innovative firms in the energy sector, and utilize the insights and knowledge these firms can provide for the cooperation.
5. Upfront collaboration on and continued cooperation in multilateral energy fora, notably the G20 and the Clean Energy Ministerial, is of importance to both sides. They seek to use their energy cooperation to discuss possible solutions to meet the global power demand with clean and green alternatives.
6. The International Thermonuclear Experimental Reactor (ITER) is an important research project and both sides see their full continuing support of the project as an important part of their energy cooperation.

7. Energy efficiency is a core part of the energy transformation and a vast and growing opportunity: it is a sector with a huge potential in the EU and China, and an area in which businesses have innovative solutions to offer. It is therefore intended that energy efficiency plays an important part in both sides' deepened energy cooperation.
8. In light of the above, both sides seek to implement their energy cooperation through the means of flexible, result-oriented and interlinked work streams on:
 - a) the *energy system* to improve the functioning of the electricity systems with variable demand and supply, including the role of renewables, storage systems, transmission and distribution networks, market principles, price signals, tariffs and spot markets; to develop and support a global, flexible and efficient liquefied natural gas (LNG) market for the benefit of the EU and China; and to support the energy system transition towards clean energy. This work stream will endeavour to create at least:
 - a comparative report of the electricity markets and systems in the EU and China, including recommendations on possible regulatory improvements to better integrate clean energy sources ;
 - a document outlining the views on and the possible priorities for joint cooperation on flexible and efficient global energy markets for LNG; and
 - a report on the energy system modelling in the EU and China by relevant research institutions under the steering of the EU-China Energy Cooperation Platform, including analytical and modelling tools, and recommendations to support the modelling capabilities in the EU and China.
 - b) *energy efficiency* to improve financing solutions for energy efficiency projects offered by local and global investors; to enhance the energy efficiency of buildings; and to deepen cooperation on energy-saving policies for products to expand their supply and trade. This work stream will endeavour to create at least:
 - a comparative report on possible financing solutions for energy efficiency projects in the EU and China, including recommendations on improvements to foster market-based financing solutions by global investors; and
 - a comparative report on the energy-saving policies for products in the EU and China, exploring the possibility and ways of aligning these for at least one globally traded product group.
 - c) *renewable energy sources* to increase the share of renewables in the energy mix by supporting their generation capacity increase in a competitive market and ensure their successful integration into the energy system, also covering the potential smart grids offer for responding to supply changes of variable renewable energy production. This work stream will endeavour to create at least:
 - a report on policies to support the construction of renewable energy generation capacity in the EU and China, including recommendations on possible improvements to support renewables in a sustainable and affordable way; and
 - a report on policies to support the integration of variable renewables in the energy system of the EU and China, including recommendations on possible

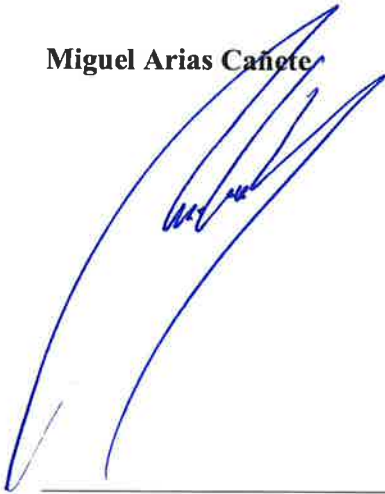
improvements to reduce curtailment and increase the share of renewables in the energy mix.

- d) enhanced cooperation of *innovative actors* in the EU and China by providing companies a platform for equal exchange and reciprocal business opportunities, such as on offshore wind power, advanced photovoltaic, flexible power systems, smart grids and energy storage; and to provide a forum between companies and governments for discussions on innovation- and business-friendly regulatory environments. This work stream will endeavour to create at least:
- an instructive report on how to improve the incubation and accelerate the commercialisation of innovative solutions in the energy sector, including recommendations on how to enhance cooperation of innovative actors in the EU and China such as through a platform for equal exchange and reciprocal business opportunities; and
 - a report on the reciprocal opportunities and challenges for local and international innovative firms operating on a level-playing field in the energy sector, including recommendations on possible regulatory improvements.
9. Both sides seek to hold regular technical activities under each work stream. They intend to liaise on the organisation, participants and activities of each work stream to reflect the high interlinkage of the cooperation areas, and their relevance for delivering the cooperation's objectives. Both sides intend to report progress on the work streams to the annual high-level Energy Dialogue and present their deliverables to the Dialogue in 2021 or before.
10. Both sides seek to utilise the EU-China Energy Cooperation Platform in the implementation of their energy cooperation. They endeavour to make use of the Platform's annual work plans to implement the above described work streams under the political steering and guidance of the annual high-level Energy Dialogue.
11. The Directorate-General for Energy of the European Commission and the National Energy Administration of the People's Republic of China should be in charge of delivering on the energy cooperation, while other government agencies of the People's Republic of China should be fully involved in the relevant matters based on their missions.
12. As specified in the *EU-China Roadmap on Energy Cooperation*, both sides take stock of previous cooperation actions presented in the implementation report in Annex I.
13. This Joint Statement does not entail any financial commitment for both sides. Both sides bear their own costs deriving from activities undertaken under the auspices of this Joint Statement. The performance of those activities will be subject to the availability of funds and resources, and will be implemented in accordance with the applicable laws and regulations of both sides.
14. This Joint Statement does not, nor is it intended to, create any binding legal or financial rights or obligations for either side under domestic or international law.

On behalf of the European Union,

Commissioner for Climate Action and Energy,

Miguel Arias Cañete



On behalf of the Government of the People's Republic of China,

Administrator of the National Energy Administration,

Zhang Jianhua



Annex I – Interim Report on the Implementation of the EU-China Roadmap on Energy Cooperation

This brief interim report is to fulfil the provision in the EU-China Roadmap on Energy Cooperation to summarise the energy cooperation in 2018, and give guidance in the further development of the cooperation. The implementation of the Roadmap started with the successful high-level EU-China Energy Dialogue on 2 June 2017 and the signature of the first annual Work Plan 2017-2018 implementing the EU-China Roadmap on Energy Cooperation. The Work Plan contains four events in the time to the next annual high-level EU-China Energy Dialogue 2018.

The energy policy workshop, the first event under the annual Work Plan 2017-2018, took place on 19-20 September 2017 between the Directorate-General for Energy of the European Commission (ENER) and the National Energy Administration of the People's Republic of China (NEA). This event was designed as an introductory workshop to yield first insights to better focus the future cooperation. The workshop was organized into four sessions: general energy policy, market regulation, energy efficiency, and renewable energy. Each session provided an overview of policies and allowed participants to openly exchange views and experiences. Both sides made good use of these arrangements, and lively in-depth discussions took place in each session.

The second event under the annual Work Plan 2017-2018 took place on 10 October 2017 and focused on the electrical transmission grid. Participants from the EU side came from ENER and European Network of Transmission System Operators for Electricity (ENTSO-E) with the Chinese side represented by the NEA, State Grid Corporation of China (SGCC) and Global Energy Interconnection Development and Cooperation Organization (GEIDCO). The event gave both sides good opportunities to present their planning methods, including demand and supply forecasts, for their power transmission systems in view of the necessary modernisation of the electricity system to integrate variable renewables, but also an increase of interconnections with neighbouring countries.

On 12-13 December 2017, the third event focused on variable renewable electricity production and its successful integration into the electricity system. Participation ranged from government officials from the EU and China to experts from think tanks, academia and industry. The lively workshop yielded important insights in how both sides tackle the integration of variable renewables into their energy system, but also showed how they could learn from each other to avoid undesirable side effects of policy choices and the importance of a holistic energy policy planning and development. A session on the positive impact innovative businesses can bring showed that the private sector can offer much to make the clean energy transition a success, but barriers still exist for businesses. The removal of these and their negative impact for the clean energy development should therefore be discussed in the future energy cooperation.

A fourth event focusing on energy efficiency is still expected to happen after the 2018 EU-China high-level Energy Dialogue. Both sides see energy efficiency as an integral part of their energy transition and energy cooperation.

Based on these insights from the ongoing implementation of the EU-China Roadmap on Energy Cooperation, both sides jointly conclude that a future cooperation focusing on clean

energy has much to offer for the European Union and the People's Republic of China. Cooperation on the setting and governance of energy system targets will allow a holistic approach, and crucially support the cooperation on the economically optimal increase of energy efficiency and share of renewables in the energy mix. A work stream on energy markets would further improve the cooperation, especially on important questions relating to the integration of renewable energy sources or the security of energy supply.