Energy Conservation Law of the PRC

Dan Young Business Consultancy — www.danyoungcpa.com

Unofficial English translation prepared for reference only. The official Chinese text prevails.

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Chapter I — General Provisions

Article 1 — This Law is enacted for the purposes of promoting energy conservation in the whole society, improving energy utilization efficiency, protecting and improving the environment, and promoting comprehensive, coordinated, and sustainable economic and social development.

Article 2 — Energy conservation as referred to in this Law means strengthening energy use management, taking measures that are technically feasible, economically reasonable, and environmentally and socially acceptable, and reducing consumption and waste and preventing loss at all stages from energy production to consumption, so as to use energy more efficiently and rationally.

Article 3 — This Law shall apply to the exploitation, processing, conversion, storage, transportation, and utilization of coal, petroleum, natural gas, biomass energy, and other energy sources, as well as to electricity, heat, and other secondary energy sources within the territory of China.

Article 4 — Energy conservation shall be a basic state policy of China. The State shall implement an energy development strategy of giving priority to conservation and developing both conservation and exploitation

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simultaneously, with conservation being the top priority.

Chapter II — Energy Conservation Management

Article 5 — The State Council and the people's governments at or above the county level shall incorporate energy conservation work into their national economic and social development plans and annual plans, and organize the formulation and implementation of medium-term and long-term special energy conservation plans and annual energy conservation plans.

Article 6 — The State shall implement a system of energy conservation target responsibility and energy conservation assessment and evaluation. The fulfillment of energy conservation targets shall be taken as part of the assessment of the performance of local people's governments and their responsible persons.

Article 7 — The State shall implement an energy consumption quota management system for high energy-consuming products and equipment. The relevant departments under the State Council shall formulate energy consumption quota standards for high energy-consuming products and equipment.

Article 8 — The production, import, and sale of energy-using products and equipment that are explicitly eliminated by the State shall be prohibited. Equipment and products with high energy consumption that do not meet the mandatory energy efficiency standards shall not be used.

Chapter III — Energy Conservation in Key Energy-Using Entities

Article 9 — Key energy-using entities as referred to in this Law means entities whose aggregate annual energy consumption exceeds the quota prescribed by the State Council.

Article 10 — Key energy-using entities shall set up energy management positions, employ persons with professional qualifications such as registered energy managers in the energy management positions, submit energy utilization status reports to the energy conservation administrative departments, and be subject to supervision and inspection.

Article 11 — Key energy-using entities shall prepare energy audits in accordance with the relevant provisions of the State, analyze the status of energy utilization, identify energy waste, and formulate energy conservation measures.

Article 12 — Where key energy-using entities fail to meet the energy conservation targets set by the government, the relevant administrative departments shall order them to conduct energy audits within a prescribed time limit and implement energy conservation rectification measures.

Chapter IV — Energy Conservation Technology and Incentives

Article 13 — The State shall encourage and support the research, development, demonstration, and promotion of energy conservation technologies and products, and shall promote technological progress in energy conservation.

Article 14 — The State shall implement fiscal, taxation, pricing, financial, and government procurement policies conducive to energy conservation, so as to guide energy-using entities and individuals in saving energy.

Article 15 — The State shall implement preferential taxation policies such as tax reductions, tax exemptions, or accelerated depreciation for the research, development, and use of energy conservation technologies, energy conservation products, and renewable energy.

Article 16 — The State shall guide financial institutions to increase credit support for energy conservation projects and provide financial services such as concessional loans to eligible projects for energy conservation technology research, energy conservation demonstration, and energy conservation renovation.

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Chapter V — Legal Liability

Article 17 — Where an entity uses energy-using equipment or products with high energy consumption that have been explicitly eliminated by the State, the energy conservation administrative department shall order it to cease using such equipment or products, confiscate the equipment or products with high energy consumption, and impose a fine.

Article 18 — Where a key energy-using entity fails to submit an energy utilization status report or where the report is false, the energy conservation administrative department shall order it to make rectification within a prescribed time limit. Where rectification is not made within the prescribed time limit, a fine of not less than 10,000 yuan but not more than 50,000 yuan shall be imposed.

Article 19 — Where a key energy-using entity refuses to conduct an energy audit or fails to implement energy conservation rectification measures, the energy conservation administrative department shall order it to make rectification and impose a fine of not less than 10,000 yuan but not more than 50,000 yuan.

Article 20 — Where an entity uses any fraudulent means to obtain government energy conservation funds, subsidies, or preferential tax treatment, the relevant government departments shall order it to return the funds and subsidies, and shall impose a fine in accordance with the law.

Chapter VI — Supplementary Provisions

Article 21 — The State Council and the relevant departments shall formulate implementation regulations and standards in accordance with this Law.

Article 22 — This Law shall become effective as of April 1, 2008. The Energy Conservation Law of the People’s Republic of China adopted on November 1, 1997 shall be repealed simultaneously.

Disclaimer: This English translation is provided for informational and reference purposes only. It is not an official translation and may contain inaccuracies or omissions. The official Chinese text of the Energy Conservation Law of the People’s Republic of China, as published by the National People’s Congress, shall prevail in all legal matters. Readers should consult qualified legal and environmental professionals for advice on specific situations. Dan Young Business Consultancy makes no representations or warranties as to the accuracy or completeness of this translation and disclaims all liability for any reliance placed upon it.

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