



30 November, 2020

To
The National Energy Board
Beijing, China

Sub: 14th Five-Year' Energy Planning Suggestions on Private Sector Participation and Action

On behalf of the World Benchmarking Alliance (WBA) and Friends of the Earth (HK), please see below considerations and suggestions as input in the National Energy Administration's public consultation on the '14th Five-Year Plan'. We support the notion that a *'clean, low-carbon, safe and efficient energy system'* is a vital *'foundation and driving force for modernisation'* and transition towards a low-carbon future.

We believe that the private sector has a crucial role in delivering the ambitions set out in the 14th Five-Year-Plan and in establishing a socialist market economy. Please view our considerations and suggestions around the following *'phased goals and tasks'* as outlined in the consultation instruction (http://www.nea.gov.cn/2020-11/16/c_139519859.htm):

- **Support the drive for '(5) energy technology innovation' through corporate target setting to increase ambition, production and sales of new energy vehicles.** As evidenced in the World Benchmarking Alliance's Automotive Benchmark which measures and assesses the commitment and performance of 30 globally influential automotive manufactures on their transition to a low carbon economy, publicly available corporate targets and transition can promote achievement of sufficient low-carbon vehicles sales. China should continue to support research and development on battery technology and expedite the development of hydrogen economy, particularly for heavy-duty vehicles and long-distance road freight transport where long recharge times are not ideal. Two Chinese headquartered companies assessed in the Automotive Benchmark – BAIC and Guangzhou Automobile – had a share of low-carbon (new energy) vehicles sales in 2019 that aligned with the share required by their well below 2-degree pathways. (Link to the Automotive Benchmark: <https://www.worldbenchmarkingalliance.org/publication/automotive/>)
- **Decarbonisation of electricity generation companies can support the '(1) guarantee of energy security' and building of smart energy systems.** The World Benchmarking Alliance's Electric Utilities Benchmark highlighted that electric utilities companies must reduce their fossil-fuel dependency, increase the capacity of renewables in their generation mix supported through directing significant capital to low-carbon research and development, set emissions reduction targets and implement sufficiently resilient, long-term strategies to enable a successful low-carbon transition. The Electric Utilities Benchmark assessed six electricity generation companies headquartered in China: China Datang Corp, China Energy Investment Group, China Huadian Corporation, China Huaneng Group, China Three Gorges, and State Power Investment Corporation. All of these companies have great room for improvement in decarbonising their electricity generation (see ranking here). For example, there is a reliance on coal. The mean average emissions intensity of electricity generation of the six Chinese headquartered companies was ~616gCO₂e/kWh, whereas the mean average worldwide (of the 50 companies

assessed) was ~466 gCO₂e/kWh. Several of the Chinese companies showed leadership with participation in China's pilot emissions trading scheme. China can build on experiences gained in its pilot emissions trading scheme from 2017 to 2020 to further increase ambition and ensure electric utilities' generation emissions enable the Paris goals for a low-carbon future. In addition to energy production, the government should accelerate the R&D investment in emissions-reducing technologies and tackle demand-side energy use via policies and subsidies such as setting minimum building energy performance and mandate building energy audits and life cycle assessments; offering low-interest loans for building owners to renovate and adopt energy efficiency retrofits; and continuing to expand the adoption of smart meters in residences to allow citizens to have a better manage of their energy use. (Link to the Electric Utilities Benchmark:

<https://www.worldbenchmarkingalliance.org/publication/electric-utilities/>)

- **Comprehensively deepen '(6) energy reform' and national low-carbon development through *robust national climate policy and low-carbon ambition, supported through corporate transparency and disclosures*.** Power utilities have greater room for improvement in the WBA Climate and Energy Benchmark than private or publicly listed companies, especially on management practices. However, through alignment with robust national climate policy, power utilities can use their leverage to accelerate decarbonisation in a just and equitable way. Transparent disclosure and public target setting and transition planning gives all stakeholders information to track a company's progress and gives confidence it will achieve its contributions to decarbonisation. (Link to the Electric Utilities Benchmark: <https://www.worldbenchmarkingalliance.org/publication/electric-utilities/>)
- **Drive forward coherent, evidence-based '(2)energy green and low carbon development' at regional and global levels through mandatory reporting and disclosure which can be leverage through sustainability standards, science-based targets and benchmarks.** Reporting, standards, disclosure, science-based targets and benchmarks all contribute to a cycle of influence which is activating and accelerating transformative corporate action on the well-below 2 degrees goal outlined in the Paris Agreement. Expanding the coverage of mandatory disclosure by companies on climate-related information is particularly important to track progress of China's nationally determined contributions. Over 40 countries have already introduced mandated emission disclosure. These activities should be considered in tandem and not in isolation; standards, disclosure and reporting set a precedent for consistent company transparency, bringing critical information into the public domain to enable corporate action on climate change. Goals and targets set the north star for a company's transition. Benchmarks create the feedback loop to measure and evidence corporate performance and impact. These integrated actions can be considered as a cycle of influence.