ANNEX I
of the Commission Implementing Decision on the 2017 Annual Action programme for the Partnership Instrument

Action Fiche for EU-China Energy Cooperation Platform (ECECP)

1. **IDENTIFICATION**

<table>
<thead>
<tr>
<th>Title of the action</th>
<th>EU-China Energy Cooperation Platform (ECECP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Country(ies)/Region</td>
<td>People's Republic of China</td>
</tr>
<tr>
<td>Total cost</td>
<td>Total estimated cost: EUR 3 500 000</td>
</tr>
<tr>
<td></td>
<td>Total amount of the EU budget contribution: EUR 3 500 000</td>
</tr>
<tr>
<td>Total duration¹</td>
<td>36 months</td>
</tr>
<tr>
<td>Method of implementation</td>
<td>Direct management</td>
</tr>
<tr>
<td></td>
<td>Procurement – Services</td>
</tr>
<tr>
<td>Markers (from CRIS DAC form)</td>
<td>Rio Convention Markers</td>
</tr>
<tr>
<td></td>
<td>Biological diversity</td>
</tr>
<tr>
<td></td>
<td>Combat desertification</td>
</tr>
<tr>
<td></td>
<td>Climate change mitigation</td>
</tr>
<tr>
<td></td>
<td>Climate change adaptation</td>
</tr>
</tbody>
</table>

2. **RATIONALE AND CONTEXT**

2.1. **Summary of the action and its objectives**

This action aims to promote and enhance the cooperation between EU and China on clean energy by supporting the implementation of the EU China Roadmap on Energy Cooperation signed in 2016. An EU-China Energy Cooperation Platform (ECECP) including stakeholders from EU and China will be established with this objective in

¹ Maximum duration of the operational implementation period of individual contracts upon their signature.
mind. Based on EU's longstanding experience and vast know-how, this platform will bring together governments, regulatory agencies, business and other key stakeholders for the promotion of innovative approaches and for the elaboration of new policies and/or legislation on clean energy that is sustainable, reliable and predictable. The action will contribute to enhancing China's energy governance, promote bilateral confidence-building, foster the progressive uptake by China of best practices, and support the process of liberalisation of energy markets.

2.2. Context

China plays a key role in the global transition towards clean energy and fighting climate change. It is the world's largest energy consumer and importer of oil. In recent years, China has been showing the willingness to transform its energy system, making it more sustainable, reliable and transparent. It has committed to reducing the emissions derived from its energy system and to increasing the share of non-fossil fuels in primary energy consumption from the current 11.2% to 15% by 2020 and 20% by 2030. This reform momentum is further enunciated in the 13th Five-Year Plan for the energy sector, in which China embarked on a series of sector-specific reforms, starting with the power sector, and extending into the oil and gas sector. Nevertheless, China’s reform process still faces a range of institutional and regulatory barriers.

China's clean energy transition is very much in the interest of EU and its energy diplomacy, which promotes a global clean energy transition, open and transparent energy markets, and a global response to climate change. Greater use of clean energy sources by China would also have a positive impact on long term sustainable development in the country and globally. The present project is in line with the EU's Energy Union External Dimension, EU's Global Strategy, the EU-China 2020 Strategic Agenda for Cooperation, and the Paris Agreement on Climate Change.

The EU can offer experience in reforming energy markets, for example the inclusion of renewables in the energy system or the reduction of energy demand. A transfer of this expertise will help China reform its energy system, while at the same time facilitating regulatory and standards convergence. It will also help bring about new business opportunities to European companies offering clean energy technologies or services. Both EU and China, realising the mutual benefit of such clean energy cooperation, signed the EU-China Roadmap on Energy Cooperation in July 2016. The ECECP will help strengthen these efforts further by supporting the operationalization of the roadmap.

2.3. Lessons learnt

ECECP would represent a form of continuity of the cooperation carried out under a previous project: EC2 – EU-China Clean Energy Centre (funded DCI) which ended in 2015. The EU-China Roadmap on Energy Cooperation is built on a consensus obtained through the project's activities, and was initiated through the EU-China 2020 Strategic Agenda for Cooperation agreed on at the 2013 EU-China Summit. The ECECP will build upon this legacy and experiences gained.
The implementation of EC2 showed that a clean energy cooperation project requires flexibility to accommodate the policy needs and strong support of all partners involved. It is proposed to use a service contract as the implementation methodology of ECECP to ensure such flexibility. Close involvement and technical steer from DG ENER would ensure that the action stays clearly in line with EU's policy priorities in the energy sector.

Given the relevance of the subject and the fact that many MS are active in this field in China, MS will be kept informed of the ECECP activities and be invited to participate in relevant activities of interest to them.

In order to ensure close involvement of China, appropriate Chinese authorities would be invited to participate in relevant meetings of the ECECP.

2.4. Complementary actions

Complementarity with ongoing actions: There are no ongoing actions between EU and China in the field of energy *stricto sensu*. EC-Link, an ongoing EU project in the field of urbanisation, offers interesting avenues for cooperation and exchanges in the areas of renewable energy production and energy efficiency, but is foreseen to end in October 2017. EU Gateway, an ongoing PI project supports EU business to enter the Chinese market, including in the energy sector. Similarly, the EU SME Centre (funded under ICI+), another ongoing EU project, supports European SMEs in accessing China's market, including in the field of energy. The ECECP does not intend to replicate the EU Gateway's and EU SME Centre's match-making or service activities, but link energy-related EU firms and energy policy cooperation with China. Nevertheless, coordination, and exchange of information and of contacts will be actively sought between all three activities.

Coordination should also be pursued with the activities under the Industrial Energy Efficiency and Greenhouse Gases Emission Reduction Working Group between DG GROW and the Ministry of Industry and Information Technology (MIIT), in particular as regards energy efficiency activities and in order to mitigate the risks created by the fragmentations of policy competences in the Chinese government. Finally, some Member States are very active in cooperating with China in the field of energy, in particular the UK, Germany (wide coverage of sectors), Denmark (renewable energies) and France (nuclear sector). Coordination with MS activities will be ensured by keeping the MS informed of ECECP activities and inviting them to relevant activities of the platform.

The EU-China Partnership on Urbanisation, managed by DG ENER and the Chinese National Development and Reform Commission (NDRC), fosters the sustainable development of Chinese urban centres, and should be closely linked to the ECECP's activities on the energy efficiency of buildings and the decentralised renewable power generation. Further, the Platform's action should be coordinated with initiatives from the International Energy Agency and the Energy Charter. Finally, coordination should be sought with another multilateral initiative, Mission Innovation, launched in 2015 in conjunction with the Paris Agreement to accelerate clean energy innovation.
Complementarity with future actions: two PI actions currently under preparation would have complementarities with this Platform. One is the EU-China ETS project, which will support China in building its own ETS: it will be vital to avoid dissonances in the support provided by this project and this Platform, especially given the fact that both the projects are working with different interlocutors (NDRC and NEA). Another is the "International Urban Cooperation: sustainable and innovative cities and regions – regional action Asia." Also with a focus on low-carbon cities, it will offer opportunities to cooperate, exchange information and consolidate messages. In the field of energy research cooperation, Horizon 2020 is expected to finance new activities with China in the coming years. Though not directly related to this action, exchange of information will be ensured with the Policy Dialogue Support Facility under implementation in China. Finally, since the Platform can only be expected to start its activities end of 2017, a set of Policy Support Facility (PSF) activities could be launched to prepare the ground and support the EU-China Energy Dialogue.

3. **Detailed Description**

3.1. **Objectives**

The overall objective of the ECECP is to enhance EU-China cooperation on clean energy. In line with the EU's Energy Union, the Clean Energy for All Europeans initiative, the Paris Agreement on Climate Change, and the EU's Global Strategy, this enhanced cooperation will help increase mutual trust and understanding between the two strategic partners and contribute to a global transition towards clean energy on the basis of a common vision of a sustainable, reliable and predictable energy system.

The specific objective of this action is to strengthen EU-China energy dialogue and cooperation through the implementation of the EU-China Roadmap on Energy Cooperation. An EU-China Energy Cooperation Platform (ECECP) will be established with this objective and in addition to policy related work, will support EU businesses access opportunities in the energy sector in China.

3.2. **Expected results and main activities**

The ECECP hence foresees to deliver two outputs, both directly based on the EU-China Roadmap on Energy Cooperation:

- **Output 1**: Enhanced EU-China cooperation on key energy policy areas identified under the Roadmap. The main areas of work under the platform will be energy efficiency, renewable energy production, energy regulation inter alia. Other areas of cooperation could include, but are not limited to, energy statistics and data, grid infrastructure, security of supply and market design. This cooperation would result in an increased understanding of each other's energy policy, an enhanced contact network of Chinese counterparts and energy experts, an intensified cooperation on energy policies through an exchange of views and practices in the field of energy, and an improved mutual trust. This cooperation will also contribute to ensuring continuation of Chinese commitment towards clean energy transition and the Paris Agreement on Climate Change, and an enhanced Chinese
willingness to cooperate with international partners and international organisation in the field of energy.

- **Output 2**: Strengthened EU-China business cooperation in energy sector. EU companies face substantial barriers when trying to access China's energy related market. Nevertheless, European firms possess the technology that can contribute to China's clean energy transition, and investors from the EU have ample experience in evaluating and financing clean energy projects. This project will facilitate EU businesses to access the energy related markets in China thus furthering the interest of both the partners.

Given the dynamic nature of bilateral cooperation as well as the evolving energy sector, the exact activities will be defined closer to the actual start of the implementation. Following is an indication of the type of activities that would help achieve the outputs and objectives detailed above:

A. Technical and administrative services such as setting up the Platform, for the implementation of the EU-China Roadmap on Energy Cooperation, as well as coordination with Member State's energy cooperation with China.

B. Workshops, conferences, study visits, etc. aiming to:

1. strengthen and enhance EU's outreach to, and contacts with relevant Chinese governmental entities, regulatory agencies, academia and opinion makers;

2. ensuring EU's participation and visibility in important energy-related conferences or events in China, in EU or in third countries if they have a link to China's energy policy;

3. facilitate a common understanding of both side's respective energy policies, underlying principles and potential future implications;

4. share best practices and learning on how to transform the energy system towards clean energy such as on energy efficiency, renewable integration, market design, subsidies and tariffs, open competition and markets, and the promotion, development and construction of new clean energy technologies such as combined heat and power (CHP) or renewables;

5. promote EU practices, policies and standards for improved access of EU businesses to Chinese energy related markets on reciprocal terms with competition on a level playing-field;

6. facilitate exchange of data and information on energy statistics, projections underlying the development of the energy sector, and the modelling tools utilised to derive these projection, including energy security strategies, and supply crisis prevention and management.

C. Provision of information material, both in English and potentially Mandarin, such as studies, briefings and fact sheets to:
1. provide policy recommendations and summaries on areas covered by the EU-China Roadmap for Energy Cooperation;

2. support the preparation of information, communication and awareness raising activities on clean energy topics, including addressing businesses' and citizens' questions;

3. research technical and regulatory barriers faced by EU industry in China's energy market, and develop technical arguments against these policies in terms of the inefficiencies they entail for China's energy sector;

4. cater for legal advice on improving existing or implementing new clean energy legislation in China; and

5. identify opportunities for EU businesses' engagement in China.

### 3.3. Risks and assumptions

<table>
<thead>
<tr>
<th>Risk</th>
<th>Risk level (H/M/L)</th>
<th>Mitigating measure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of ability of National Energy administrator (NEA) to coordinate with and mobilise other Chinese ministry stakeholders (e.g. MIIT and NDRC).</td>
<td>M</td>
<td>Ensure internal coordination among the EU services and functions to mobilise their respective Chinese counterpart interlocutors. Make use of channels developed through other initiatives, e.g. the Urbanisation Partnership with the NDRC. Include the EU Delegation to China and China's Mission to the EU as further discussion channels. Strive to recruit experts with experience working with NEA and other Chinese authorities.</td>
</tr>
<tr>
<td>Lack of Chinese commitment to implement the EU-China Energy Cooperation Roadmap;</td>
<td>L</td>
<td>Ensure involvement at the highest level from the EU side to ensure active Chinese involvement;</td>
</tr>
<tr>
<td>Low involvement of business stakeholders.</td>
<td>L</td>
<td>Involve EU business associations in the EU and China, from the outset including chambers of commerce, and use existing dialogue processes and fora.</td>
</tr>
</tbody>
</table>

Assumption: continued political commitment on the side of EU, EU Member States and China to cooperation on energy matters in line with the roadmap.

### 3.4. Stakeholders

- European Commission (DG ENER, DG CLIMA, DG ENV, DG GROW, TRADE, DG RTD, DG EMPL), EEAS and EU Delegation to China;
- EU Member States;
• Chinese authorities (NEA, NDRC, MIIT, Mission of China to the EU, MoHRSS);

• Energy-related EU businesses in China or EU businesses with a trade or investment interest in China, including their business associations or chambers of commerce;

• Other stakeholder such as the EU Agency for the Cooperation of Energy Regulators (ACER), ENTSO-G and ENTSO-E, international energy organisation (e.g. International Energy Agency), relevant think tanks, energy research institutions, environmental NGOs, civil society, and academia.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

4.1.1. Procurement (direct management)

(a) The project will be implemented through the procurement of services. Indicatively, one service contract will be signed.

(b) Indicative timing to launch the call: 2nd quarter 2017.

4.2. Indicative budget

<table>
<thead>
<tr>
<th>Method of Implementation</th>
<th>Amount in EUR million</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1.1. – Procurement (direct management)</td>
<td>3.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3.5</strong></td>
</tr>
</tbody>
</table>

4.3. Performance monitoring

The day-to-day technical and financial monitoring of the implementation of the project will be a continuous process and part of the implementing entity's responsibility. To this end, the implementing entity shall establish a permanent internal, technical and financial monitoring system for the action and elaborate progress and final reports.

The progress and final reports shall provide quantified and qualitative data in relation to the logical framework indicators which will include relevant indicators from the list of common Partnership Instrument indicators.

A Steering Committee (SC) will be established and will be composed, indicatively, of relevant Commission services, EEAS, EUD China. Other stakeholders may be invited to join if relevant. The SC will meet at least once a year to review progress and provide guidance to the implementation of the action.
Coordination between the EU and China will be ensured through an annual meeting of a Coordination Group (CG) co-chaired by DG ENER and the NEA. This coordination mechanism will be closely aligned with the follow up of the EU-China Roadmap on Energy Cooperation. Other stakeholders and services may be invited to join as relevant.

The European Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews.

4.4. Evaluation and audit

For this project, the Commission may carry out interim and/or final/ex-post evaluation(s) via independent consultants contracted by the Commission based on specific terms of reference.

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments.

As the “N+1” rule applies for contracting under this decision, external evaluations and audits, as well as additional external monitoring referred to under section 4.3 above, will be funded from sources other than those allocated to this specific action.

4.5. Communication and visibility

Communication and visibility will be an integral part of the ECECP. The implementing partner will establish a communication plan in line with relevant guidelines that, inter alia, will define the key messages and specific communication/EU visibility actions to be taken.

All documentation and promotional material produced in the framework of the project shall bear the EU flag and mention that is financed by the EU. Exceptions to this rule may be considered on a case by case basis for duly justified reasons.