



## **Recent Policy Developments Highlight China's Efforts to Balance Energy Security and Carbon Neutrality Goals in the Energy Sector**

8 May 2023 — In 2020, China [announced](#) the goals to peak its carbon emissions by 2030 and achieve carbon neutrality by 2060. Subsequently, in 2021 and 2022, severe [power shortage](#) incidents heightened China's concerns over energy security. China has since issued a number of policy documents aiming to address the balance between energy security and its carbon emissions and carbon neutrality goals. This briefing aims to assist IGSD partners and climate champions in understanding the dynamics of reaching China's climate goals.

In February 2023, the National Energy Administration issued the [Action Plan for Accelerating the Integrated Development of Oil and Gas Exploration with New Energy \(2023-2025\)](#). This Action Plan includes the goal of cumulatively increasing, by 2025, fossil gas production by about 3 billion cubic meters and fossil crude oil production by over 2 million tonnes. At the same time, the Action Plan also calls upon oil and gas companies to use more renewable energy during extraction and accelerate their renewable energy generation to help achieve China's carbon peaking and carbon neutrality goals. Notably, the Action Plan does not specify whether methane intensity and emissions controls will be considered in the fossil oil and gas production.

In March 2023, the National Development and Reform Commission listed a number of fossil fuel production technologies in its [2023 Green Industries Guidance Catalogue](#) (draft for public comment). This Catalogue is used to guide national and local government agencies in developing and implementing support and incentive mechanisms for "green" industry actions. Financial institutions and investors can also use the Catalogue as basis for applying relevant environmental financing tools such as green bonds and green credit. The Catalogue includes clean coal production, clean fossil gas production, and fossil gas storage and transportation facilities (including methane leakage detection and repair equipment). Notably, the Catalogue incorporates a number of non-CO<sub>2</sub> greenhouse gas mitigation technologies, including oil and gas field methane capture and utilization, development and utilization of substitutes to ozone depleting substances and hydrofluorocarbons, and coalbed methane extraction and utilization.

While China continues to juggle between prioritizing energy security and achieving carbon peaking and carbon neutrality goals in the energy sector, it is vital to recognize that in addition to carbon dioxide, mitigating the non-CO<sub>2</sub> greenhouse gas is essential for keeping the 1.5°C guardrail within reach. Reducing methane emissions is the best and fastest opportunity for slowing warming in this decisive decade.

The Institute for Governance & Sustainable Development (IGSD) has released and continues to update a [Primer on Cutting Methane: The Best Strategy for Slowing Warming in the Decade to 2030](#) to provide decision-makers with clarity on the science of methane mitigation and the actions that are urgently needed. The *Primer* also explores current and emerging mitigation opportunities

by sector; national, regional, and international efforts that can inform emergency global action on methane; and financing initiatives to secure support for fast methane reduction.

**IGSD resources (selected examples):**

- Tad Ferris, Gabrielle Dreyfus, and Durwood Zaelke (lead authors), with Valarie Fajardo, Caitlan Frederick, Erika Gerstenberger, Romina Picolotti, Connor Schiff, Xiaopu Sun, Trina Chiemi, and Jon Turner, [A Primer on Cutting Methane: The Best Strategy for Slowing Warming in the Decade to 2030](#) (5 Feb. 2023, update in progress).
- IGSD, [China Announces Progress in Methane Monitoring and Evaluation In Preparation for the Release of Its National Action Plan on Methane](#) (17 Jan. 2023).
- Durwood Zaelke, Romina Picolotti, Kristin Campbell, & Gabrielle Dreyfus, [The Need for Fast-Near-Term Climate Mitigation to Slow Feedbacks and Avoid Tipping Points: Critical Role of Short-lived Super Climate Pollutants to Address the Climate Emergency](#) (Background Note) (5 Dec. 2022, update in progress).
- Xiaopu Sun, Pu Wang, Tad Ferris, Hui Lin, Gabrielle Dreyfus, Baihe Gu, Durwood Zaelke, & Yi Wang, [Fast Action on Short-Lived Climate Pollutants and Nature-Based Solutions to Help Countries Meet Carbon Neutrality Goals](#) (Advances in Climate Change Research) (August 2022).
- IGSD, [China Announces Actions to Promote the Development and Utilization of Coalbed Methane](#) (5 Aug. 2022).

