OCTOBER 2026

CHINA ENERGY POLICY NEWSLETTER

China Energy Transformation Programme

1. China energy transition updates

The CPC issues a guideline on the development of new-quality productive forces

New-quality productive forces are an advanced, innovation-driven form of productive forces. They move beyond traditional models of economic growth and development pathways, characterised by high technology, high efficiency, and high quality, consistent with the new development philosophy.[1] In October 2026, the Central Committee of the Communist Party of China (CPC) and the State Council jointly issued guidance on promoting the development of new-quality productive forces, including directions for the energy sector.[2]

1. Emerging industries: Accelerate the development of new energy as a strategic emerging industry and develop distinctive industrial clusters tailored to local conditions;
2. Future energy technologies: Proactively plan for emerging energy industries, such as hydrogen and nuclear fusion, explore technical pathways and application scenarios and guide private capital investment;
3. Green energy industry: Advance the green transformation of key energy-use sectors, establish zero-carbon factories and industrial parks, and develop a green and low-carbon circulation system;
4. Market-based energy mechanisms: Refine the nationwide unified green certificate market, strengthen systems for carbon markets, carbon footprinting, and carbon accounting, and develop supporting green finance mechanisms;
5. Key directions for the energy revolution: Develop advanced nuclear fission in an orderly manner; build an electricity system with a high proportion of renewable energy; improve the regulation and management of renewable energy integration; advance revolutions in energy consumption, supply, technology, and institutional frameworks; and expand international cooperation in the energy sector.

[1] "《求是》杂志发表习近平总书记重要文章《因地制宜发展新质生产力》," Xinhua News Agency, 15 November 2025, accessed at https://www.gov.cn/yaowen/liebiao/202511/content_7048711.htm?f_link_type=f_linkinlinenote&flow_extra=eyJpbmxpbmVfZGlzcGxheV9wb3NpdGlvbiI6MCwiZG9jX3Bvc2l0aW9uIjowLCJkb2NfaWQiOiIzNzc2Zjg4MGE4YmM5NzBkLWJkZGJmMmY2ODgzYjc2NTIifQ%3D%3D.

[2] "中共中央 国务院关于发展新质生产力的意见," Xinhua News Agency, 9 October 2026, accessed at https://www.gov.cn/zhengce/202610/content_7082820.htm.

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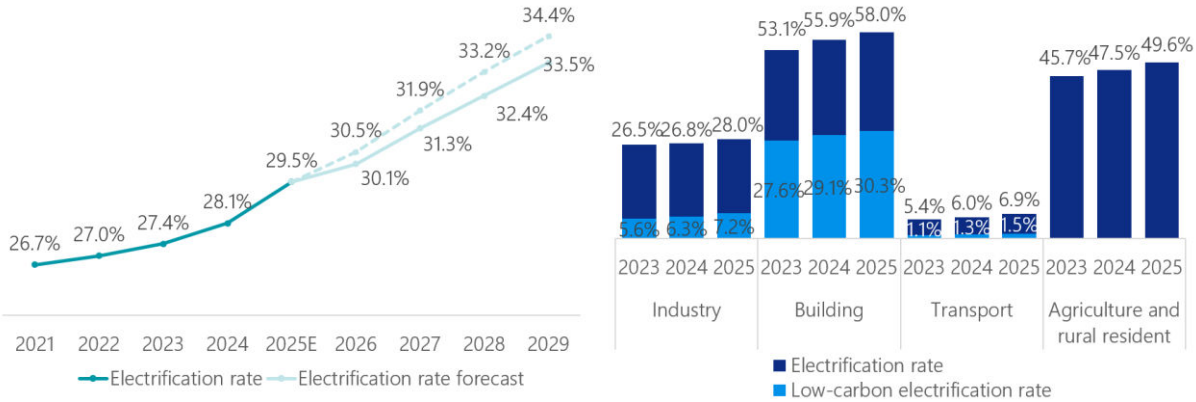
中国宏观经济研究院 能源研究所 Energy Research Institute of Chinese Academy of Macroeconomic Research

China Electrification Development Report 2026 published

In September 2026, the China Electricity Council (CEC) published the *China Electrification Development Report 2026* (CHN: 中国电气化年度发展报告2026).[3] The CEC estimates that China's electrification rate reached 29.5% in 2025, up 1.4 percentage points (pp) year on year. By region, the rate exceeded 40% in Guangdong and 35% in Jiangsu, Zhejiang, Yunnan and Qinghai. By sector, electrification rates in industry, building, transport, and agriculture were 28%, 58%, 6.9%, and 49.6%, respectively, up 1.2, 2.1, 0.9, and 2.1 percentage points year on year. During the *14th Five-Year Plan* period (2021–2025), the shift towards electrifying end-use energy consumption became increasingly clear. In the industrial sector, the electrification rate in machinery, automotive and electronic equipment manufacturing, and fuel processing grew by more than 10% per year on average. The number of charging piles in operation reached ten times the level at the end of the *13th Five-Year Plan* period (2020). The shift towards low-carbon electrification continued: leading industrial enterprises and export-oriented firms showed greater willingness to use green electricity; green and ultra-low-energy buildings developed more rapidly; and new energy vehicles continued to grow. From 2026 to 2029, China's electrification rate is expected to rise from 30% to 33.5%~34.4%. Rates in industry, agriculture, and rural households are expected to rise steadily, while growth is expected to accelerate in the building and transport sectors.

2021-2024 Electrification rates in China and forecasts for 2026-2029 (left)
2023-2025 Electrification rates and low-carbon electrification rates by sector (right)



Electrification rates by province in 2025

Source: China Electricity Council (CEC), October 2026

[3] "中国电气化年度发展报告2026," China Electricity Council, September 2026, accessed at https://pdf.dfcfw.com/pdf/H3_AP202609301830015411_1.pdf?1790767809000.pdf.

National Carbon Market Development Report 2026 published

In September 2026, the Ministry of Ecology and Environment (MEE) published the *National Carbon Market Development Report (2026)* (CHN: 全国碳市场发展报告（2026）), reviewing the national carbon market (ETS) in 2025.[4] In 2025, carbon emission allowance trading volume reached 235 million tonnes (Mt), up 25% year on year. This was a record since the market's launch, and trading activity was more evenly distributed. The total transaction value was RMB 14.63 billion. Prices fell initially before rising, broadly reflecting supply and demand. By the end of 2025, the composite closing price stood at 74.63 RMB/t, 55% above the opening price on launch day. Average daily volatility was 0.93%, relatively low compared with international carbon markets. From January to August 2026, activity in the national ETS remained robust, with trading volume and turnover up 46% and 68% year on year, respectively. Trading prices rose steadily, and the August closing price reached 97.9 RMB/t, up 31% from the end of 2025.

The voluntary China Certified Emission Reduction (CCER) trading market restarted transactions in March 2025. In 2025, CCER trading volume reached 8.8 Mt, with a total transaction value of RMB 626 million. Trading occurred every trading day throughout the year, and buy orders outnumbered sell orders by 1.5 times, indicating strong market sentiment. By August 2026, cumulative CCER trading volume reached 21.7 Mt, with a total transaction value of RMB 1.7 billion.

Trading volume and closing price of the national carbon market in China (July 2021-August 2026)

Source: Ministry of Ecology and Environment (MEE), September 2026

China's first 100 MW compressed CO_2 energy storage project in operation

In September 2026, China Huadian commissioned China's first 100 MW/1,000 MWh compressed CO_2 energy storage project in Xinjiang's Changji Gobi region. This emerging compressed-gas energy storage approach uses CO_2 as a closed-loop working fluid. During off-peak periods, surplus low-cost electricity compresses and condenses CO_2 into a liquid for storage, while also storing heat. During peak demand, the stored heat warms the liquid CO_2, causing it to vaporise and drive a turbine to generate electricity. The project can respond within minutes, strengthening power-system regulation and increasing green electricity supply. Each year, it can consume 290 GWh of green electricity during off-peak periods and supply 180 GWh during peak periods. It is expected to save 50,000 tce of energy and reduce CO_2 emissions by 170,000 t.

Geological conditions do not constrain this energy storage technology, which operates at relatively low pressures and temperatures and offers high reliability and controllable costs, with a designed service life of at least 30 years and the ability to withstand at least 20,000 start-stop cycles. The unit uses independently developed carbon dioxide turbine technology. Its designed power generation efficiency is 92%, making it China's most efficient compressed CO_2 power generation unit. This project offers a new long-duration energy storage solution for the country.[5]

[4] "生态环境部发布《全国碳市场发展报告（2026）》," Ministry of Ecology and Environment, 21 September 2026, accessed at https://www.cets.org.cn/hjywt/7478.jhtml.
[5] "首台（套）重大技术装备！全国首个百兆瓦级压缩二氧化碳储能项目并网发电," China Power Newspaper, 1 October 2026, accessed at https://mp.weixin.qq.com/s/ycTXrT8HBkVWwfHIC8NY9w.

2. Policy monitoring

2026-09-29

https://xxgk.mot.gov.cn/jigou/syj/202610/t20261012_4225720.html

MoT issues a five-year plan for new energy vessels on inland waterways

Notice on the Issuance of the Action Plan for the Promotion and Application of New Energy Vessels on Inland Waterways (2026–2030), MoT Waterway Transport [2026] No. 127

Between 2026 and 2028, the number of new energy vessels on inland waterways nationwide will double, including more than 1,000 electric cargo vessels and over 100 methanol-powered vessels. The number of electric government and port-operation vessels will also rise significantly, with demonstration projects across all scenarios. Methanol refuelling facilities will be available along the entire Yangtze River, and a network of charging and battery-swapping facilities on the Yangtze River Delta's inland waterways will be complete. Green shipping corridors will be established along the Yangtze River, the Xijiang River and the Beijing-Hangzhou Grand Canal, alongside a vessel-electrification demonstration zone in the Yangtze River Delta, creating 3,000 km of zero-carbon waterway transport routes. By 2030, the fleet of new energy vessels on inland waterways and the length of zero-carbon waterway corridors will continue to grow. The supporting industrial chain and standards system will largely be in place, and new energy vessels will enter initial large-scale application.

2026-09-28

https://xxgk.mot.gov.cn/jigou/ysfws/202610/t20261009_4225580.html

MoT publishes five-year development plan for multi-modal transport

Notice on the Issuance of the Action Plan for Promoting High-Quality Development of Intermodal Transport and Optimising and Adjusting the Transport Structure (2026–2030), MoT Transport [2026] No. 124

The document calls on key industries to optimise their transport structures through multimodal transport. By 2030, the Ministry of Transport (MoT) aims for rail to carry 95% of long-distance (>500 km) coal and coke shipments by large industrial and mining enterprises in the major coal-producing regions of Shanxi, Shaanxi, Xinjiang and Inner Mongolia. It also aims to increase the share of bulk cargo moved from major coastal ports by rail, waterways, enclosed conveyor galleries, and new-energy trucks to over 90%, and the share of clean transport within key inland ports, large-scale logistics parks, and large-scale industrial parks to 80%. In key sectors such as thermal power, steel, coal, coking, aluminium smelting and cement, clean transport by rail, waterways, pipelines, enclosed conveyor galleries and new-energy trucks is to reach 85%. The *Action Plan* promotes the large-scale use of new-energy heavy-duty trucks, encourages research, development, and construction of roll-on/roll-off (Ro-Ro) vessels for new-energy vehicles, and accelerates the deployment of new-energy trucks in the Beijing-Tianjin-Hebei and surrounding areas, as well as in major coal-producing regions.

2026-09-14

https://wap.miit.gov.cn/zwgk/zcwj/wjfb/tz/art/2026/art_255ea93df118460fa105c46c2f546d9a.html

The *New-Type Battery 15th Five-Year Plan* released

Notice on the Issuance of the 15th Five-Year Plan for the New-Type Battery Industry Development, MIIT Joint Planning [2026] No.220

In September 2026, the Ministry of Industry and Information Technology (MIIT) released the *15th Five-Year Plan for the New-Type Battery Industry Development*. It is a national-level specialised plan for China's battery sector. New-type batteries are high-efficiency devices that store and convert electrical energy, based on new theories, materials, structures, and processes; they include lithium-ion, sodium-ion, and flow batteries, among others. The *Plan* stipulates that by 2030, all-solid-state batteries will achieve preliminary large-scale application, while long-life lithium-ion batteries will reach 15,000 cycles. In addition, leading companies' product defect rates will reach the PPB level, signalling a policy shift from scale expansion to manufacturing quality and reliability. The government aims to accelerate the integrated development of new-type batteries for clean energy and end-use applications, promote electrification in transport, robotics, engineering machinery, and agricultural machinery, and expand energy storage applications across power generation, power grids, industrial parks, and data centres.

2026-09-09

https://wap.miit.gov.cn/zwgk/zcwj/wjfb/tz/art/2026/art_47e6f99ffbe945279ef3ffd23c5b3631.html

The *15th Five-Year Plan for Intelligent Connected New Energy Vehicles* released

Notice on the Issuance of the 15th Five-Year Plan for the Development of Intelligent Connected New Energy Vehicle Industry, MIIT Joint Planning Document [2026] No. 305

Intelligent connected new energy vehicles (NEVs) are a new generation of battery-electric, plug-in hybrid and fuel-cell vehicles. Equipped with sensors, controllers, and other devices, they use modern communication and network technologies to perceive their surroundings, make intelligent decisions, and coordinate control in complex environments. This is the primary direction for transforming and upgrading the future automotive industry.

By 2030, intelligent connected NEVs are expected to account for 70% of new passenger car sales and 40% of new commercial vehicle sales nationwide. Technically, average fuel consumption across passenger vehicles reaches 3.3 L/100 km, while average electricity consumption for pure-electric passenger cars reaches 11.5 kWh/100 km. Autonomous vehicles will become widespread, with highly automated driving on motorways, urban expressways, and certain urban roads. The safety performance of vehicles equipped with automated-driving systems should substantially exceed that of human drivers. At the industrial level, the *Plan* aims to develop several vehicle manufacturers ranked among the world's top ten and component suppliers ranked among the top 100, thereby strengthening China's influence in setting international standards and regulations. The automotive industry aims to reach peak carbon emissions before 2030, driving a green, low-carbon transition throughout the upstream and downstream supply chain.