

## Energy storage policy beijing

The Chinese government is increasingly focused on what it calls "new-type energy storage systems" (NTESS). This category encompasses a range of electricity storage methods, such as electrochemical systems (e.g., batteries), compressed air energy storage, flywheel systems and supercapacitors.

Energy storage is crucial for China's green transition, as the country needs an advanced, efficient, and affordable energy storage system to respond to the challenge in power generation. According to Trend Force, China's energy storage market is expected to break through 100 gigawatt hours (GWh) by 2025.

A Battery Energy Storage System (BESS) secures electrical energy from renewable and non-renewable sources and collects and saves it in rechargeable batteries for use at a later date. When energy is needed, it is released from the BESS to power demand to lessen any disparity between energy demand and energy generation.

**ENERGY STORAGE:** On Monday, China's state economic planner and state energy regulator published a roadmap for the country's energy storage sector for the 14FYP period. The document serves as a blueprint for the energy storage sector to develop "on a large scale" and in "industrialised and market-oriented" ways, according to an ...

A major policy change this week is Beijing's suspension, for now, energy storage new-build plant based on recycled EV batteries. The suspension is seen as Beijing's reaction towards the BESS station explosion a month ago.

In June 2023, China achieved a significant milestone in its transition to clean energy. For the first time, its total installed non-fossil fuel energy power generation capacity surpassed that of fossil fuel energy, reaching 50.9%.

China's renewable energy push has ignited its domestic energy storage market, driven by an imperative to address the intermittency and variability of renewable energy sources such as wind and solar. The Chinese energy storage industry experienced rapid growth in recent years, with accumulated installed capacity soaring from 32.3 GW in 2019 to 59.4 GW in 2022. China's energy storage market size surpassed USD 93.9 billion last year and is anticipated to grow at a compound annual growth rate (CAGR) of 18.9% from 2023 to 2032.

Following central government directives, approximately 30 provinces have unveiled individual plans for deploying NTESS since 2019. These plans collectively aim for a combined capacity of 60 GW, surpassing the NEA's original 2025 target of 30GW. Localities have reiterated the central government's goal of developing an integrated format of "new energy + storage" (such as "solar + storage"), with a required energy storage allocation rate of between 10% and 20%.

China has created an energy storage ecosystem with players throughout the supply chain. The upstream players are mainly battery and raw materials manufacturers, with many benefitting from first-mover advantage. Chinese manufacturers have gained a substantial market in this domain. According to SNE Research, CATL had achieved a 43% global market share by 2022. BYD and Eve Energy secured the second and third positions, with market shares of 12% and 7%, respectively.

The midstream players focused on integrated NTESS are more diversified. They include major battery manufacturers CATL and BYD, photovoltaic companies Trina Solar and Sungrow, and companies with a grid background such as XJ Electric.

The downstream segment is dominated by mainly state-owned enterprises (SOEs) that provide energy storage applications on the power generation, grid, and user sides, such as State Grid, Energy China and CHN Energy. In October 2021, Huawei and SEPCOIII, a subsidiary of PowerChina, were awarded the Saudi Red Sea New City Energy Storage project, the world's largest energy storage project signed in 2022.

New energy storage also faces high electricity costs, making these storage systems commercially unviable without subsidies. China's winning bid price for lithium iron phosphate energy storage in 2022 was largely in the range of USD 0.17-0.24 per watt-hour (Wh). However, the cost of electricity from pumped hydro storage has fallen to USD 0.07 per Wh. On top of electricity prices, safety and security are also key concerns, with energy storage facilities requiring system integration maintenance, error analysis, incident warnings and other emergency-related measures.

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Web: <https://www.hollanddutchtours.nl/contact-us/>

Email: [energystorage2000@gmail.com](mailto:energystorage2000@gmail.com)

WhatsApp: 8613816583346

