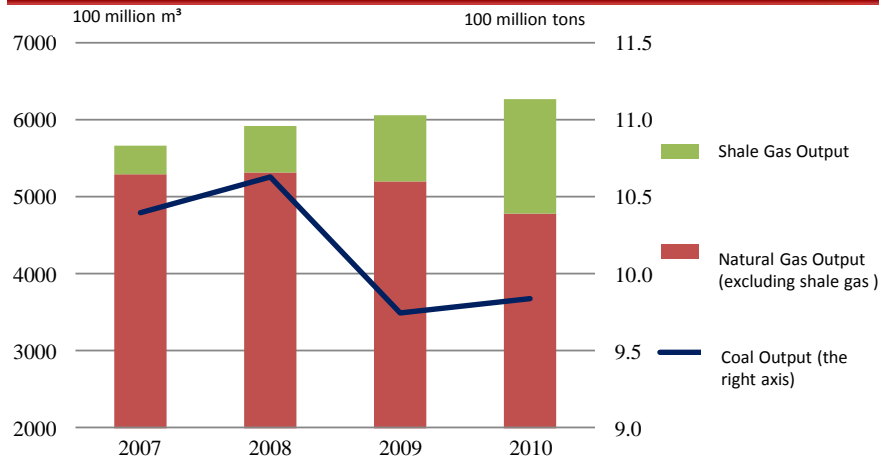


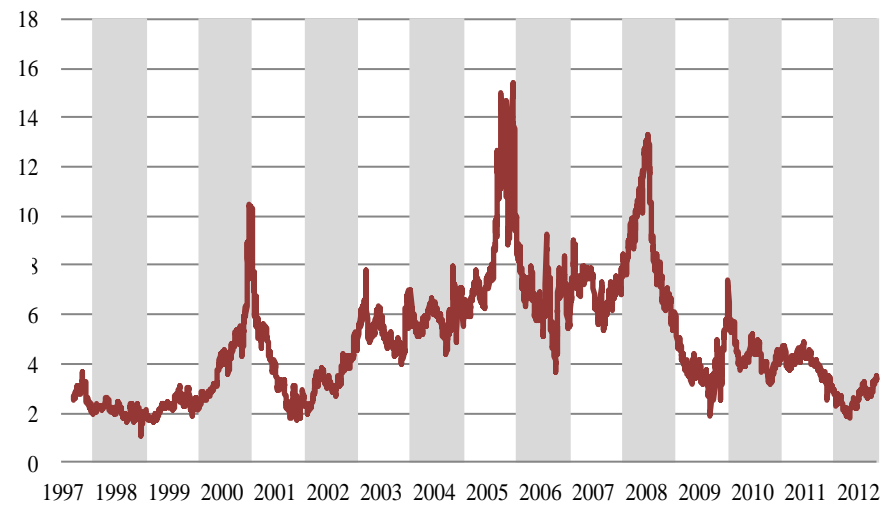
Conclusion 6: Shale Gas Revolution--- Different Influences on USA and China

Natural gas, which gains the favor of the U.S. government and the American market thanks to the U.S. shale gas revolution, serves as a fine alternative to coal and oil and helps substantially will reduce coal consumption, especially in power generation. This means that the Americans are really seeing hopes in their efforts for energy independence, while China, who remains a major GHGs emitter, is still working hard to make a difference.

Output of coal, natural gas and shale gas in the United States



Natural gas price in the United States (USD/MMBTU)



- ◆ From 2007 to 2010, annual growth rate of natural gas output stood at around 4%; so annual growth rate of shale gas output reached up to 50%. In 2010, shale gas output totally is 150 billion cubic meters.
- ◆ The U.S. coal output has plummeted since 2009.

- ◆ The massive development of shale gas in the U.S. largely accounts for the constant decline in the price of natural gas. In 2012, the price of natural gas in the U.S. is on same level with that of 2009, right in the result of the financial crisis; it also equals the price of natural gas after the 9/11 terrorist attack in 2001.

Conclusion 7: Global Energy Governance Reform

CHINA



The global energy governance structure is in urgent need for reform and should embody the new features like “multi-polar, diversified target”. China is not possible to become a official IEA member, but should actively to participate in the global energy governance activities in order to make contributions to solve the global energy security and climate change issues.



Conclusion 8: Oil Price---Financial Factors

Global oil price is determined by supply/demand fundamentals in the long term, while short-term fluctuations usually result from the non-fundamentals, such as the financial factors. Since 2008, financial factors have frequently been the important cause of world oil price fluctuation. The international community should prevent high oil price from excessive financial under the framework of global energy governance.



Conclusion 9: China and the Developed Countries ---Different Concerns

Under the future framework of global energy governance, China is more concerned with how to secure energy supply, reduce carbon emissions, decrease the total energy consumption amounts, and solve local pollution, etc.



Developed Countries		Developing Countries
Whether it will impact the comfortable life	Energy Security	Whether it will influence our basic living demand
How to cope with the issues on climate change	Global Environment and Climate Change	How to address climate change and solve local environmental problems
Scarcely affected Sustained by military and economic strength	Unfavorable Factors in International Geopolitics	Easily affected Easily disturbed by natural factors



Conclusion 10: Higher Cost in China than in Developed Countries

Unlike the developed countries that have finished to solve environmental pollution and ecological damage and have been enjoying more secure energy supply environment, China and other developing countries have to pay higher cost in their efforts to solve the problems of energy security and climate change. That is, China need pay money not only for Climate Change but also for seriously polluted local environment and deteriorating ecosystem.



Strategy Adjustment 1: demand-oriented energy management system.

It is advisable that China's current energy management system move from "supply-oriented" to "demand-oriented" and that total production and consumption be controlled on an objective basis. Economic development pattern is expected to be transformed by virtue of energy consumption control.

1

Internal government functions should be reformed and management of energy demand should be strengthened.

- ◆ The National Energy Administration (NEA) should be empowered with energy demand management and as a part of Ministry of Energy, to be established for upstream and downstream integrated management and guaranteeing the balance and coordination between energy supply and demand.
- ◆ On the one hand, major energy engineering projects should be examined and approved on an objective and rational basis; on the other hand, macro management work regarding energy statistics data transparency should be further consolidated.

2

Energy demand management should be reinforced, starting from controlling local total energy consumption.

- ◆ Local authorities should conduct energy statistical analysis and measurement under the direction of the national energy department and establish step by step a statistical and accounting system concerning local total energy consumption.
- ◆ Control of local total energy consumption should be carried out in accordance with the national target in that regard.

3

The concept of controlling total energy consumption is mainly to control conventional energy, especially coal and oil. The goal of controlling total energy consumption can be achieved by increasing non-fossil energy supply indirectly.

- ◆ The key to controlling total energy consumption lies in controlling total fossil fuels consumption, however, increasing non fossil energy supply, for instance, wind, solar, and nuclear, and other renewable and new energy can control total energy consumption indirectly.