

Industrials - China

Dec electrical equipment: grid investment growth dipped to 3% in Dec

Industry Overview

Wind/solar new capacity growth remained solid in Dec

According to NEA, China's new capacity of power generation came in at 356GW in 2023, +90% YoY, with wind/solar/thermal growing 101%/148%/54% YoY to 76/217/55GW, sustaining the momentum. Hydro new capacity stayed sluggish reading 8GW in 2023, -65% YoY. In 2023, China has contributed over half of global renewables new capacity (510GW), according to NEA. In December, wind/solar/thermal new capacity grew 127%/144%/263% YoY (vs 196%/185%/-53% in Nov). Total capacity addition of new-type ESS (mainly battery ESS) in 2023 amounted to 31GW/67GWh, +>260% YoY.

Power grid investment growth dipped to 3% in Dec

In 2023, **investment in power generation** grew 30% YoY, recording RMB968bn, with thermal/hydro/nuclear growing by 15%/14%/21% YoY, to RMB103/99/95bn. In 2023, **power grid investment** ended up with RMB528bn, +5.4% YoY.

In Dec 2023, **monthly investment in power generation** moderated further to 3% YoY (vs 19% in Nov) to RMB196bn. Thermal/hydro edged up to 23%/81% YoY (vs 7%/-51% in Nov) reading RMB19/28bn, while nuclear decelerated to -31% YoY (vs 76% YoY in Nov), sitting at RMB18bn. **Monthly power grid investment** dipped further to 3% YoY in Dec (vs 4% YoY in Nov), reading RMB82bn.

ESS bid-winning capacity recorded 4.5GW/21.3GWh in Dec

According to Energy Storage & Power Market, total bid-winning capacity of ESS in China came in at 4.5GW/21.3GWh in Dec, -23%/+4% MoM. Average system price/EPC price of 2-hour ESS system dipped to RMB0.84/1.42 per Wh in Dec from RMB0.87/1.83 in Nov. In 2023, cumulative ESS bid-winning capacity ended up with 39GW/113GWh, +172%/191% YoY.

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NEA: National Energy Administration

ESS: energy storage system

EPC: engineering, procurement and construction

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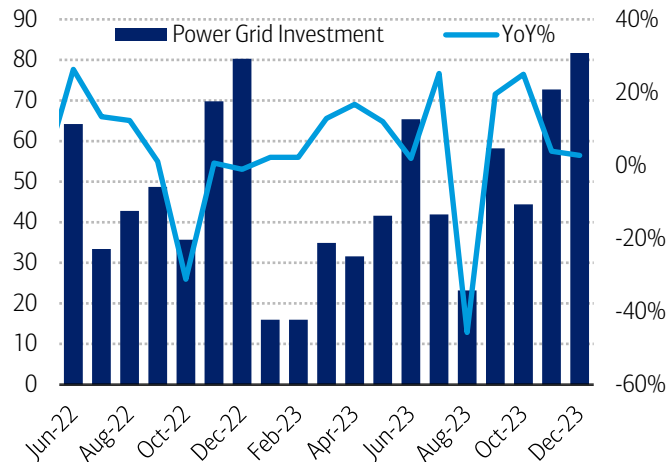
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China electrical equipment data

Exhibit 1: Power grid investment (RMBbn)

Power grid investment dipped further to 3% YoY in Dec.

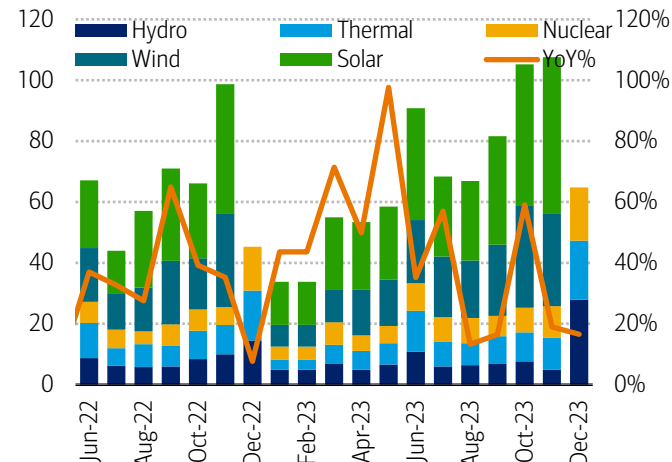


Source: NEA, BofA Global Research

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Exhibit 2: Power source investment by type (RMBbn)

Power source investment growth dropped to 3% YoY in Dec.

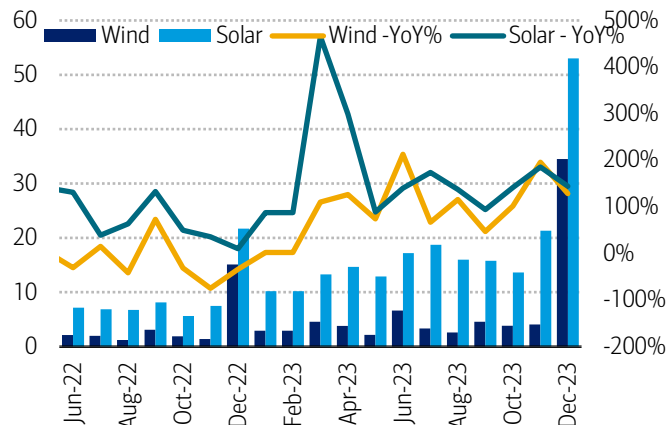


Source: *wind and solar breakdown are not disclosed by NEA in Dec, NEA, BofA Global Research

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Exhibit 3: Capacity addition of wind/solar (GW)

Capacity addition growth of wind/solar remained solid in Dec.

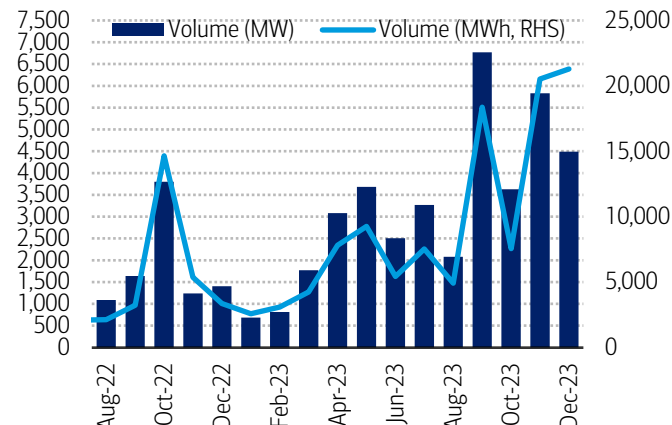


Source: NEA, BofA Global Research

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Exhibit 4: ESS bid-winning capacity in China

Dec-2023 bid-winning capacity recorded 4.5GW/21.3GWh



Source: Energy Storage & Power Market, BofA Global Research

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