

European Solar Energy Storage

Energy storage mandatory configuration cancelled



Overview

In a major policy shift towards electricity market liberalization, China has introduced contract for difference (CfD) auctions for renewable energy plants and removed the energy storage mandate, which has driven up to 75% of the nation's demand to date.

In a major policy shift towards electricity market liberalization, China has introduced contract for difference (CfD) auctions for renewable energy plants and removed the energy storage mandate, which has driven up to 75% of the nation's demand to date.

The new policy abolishes the mandatory distribution and storage requirements and explicitly prohibits the use of energy storage configuration as a precondition for project development, which, on the one hand, brings opportunities for the development of the energy storage industry.

It is expected that the market share of the top 10 energy storage enterprises will further increase in 2025. While domestic policies are undergoing drastic changes, energy storage demand in Europe, the United States, the Middle East, and other markets is surging.

After the mandatory ESS integration policy is canceled, the business model of energy storage may change, with PV consumption, ancillary service markets, and peak-valley arbitrage potentially becoming the main revenue sources for energy storage.

In February 2025, China's National Development and Reform Commission (NDRC) and National Energy Administration (NEA) abolished mandatory energy storage requirements for new renewable projects via Document No. 136. Is the energy storage mandate a big change?

This is a big change towards rationalization of renewables but hidden within that is a removal of the energy storage mandate," George Hilton, research and analysis manager at S&P Global, tells ESS News. S&P Global estimates that the storage mandate has driven between 50 and 75% of domestic demand.

How will the energy storage mandate impact China?

S&P Global estimates that the storage mandate has driven between 50 and 75% of domestic demand. With China accounting for around 56% of the global energy storage demand in 2024, the impact of such a policy change will be massive.

How will China's energy storage policy affect global demand?

“China was on-track to install over 60% of all utility scale storage globally in 2025 and so in the absence of further policy changes, about 45% of global demand has just been wiped away,” Hilton says. The ripple effect on the global demand-supply balance will involve further downward pressure on energy storage prices.

Will battery storage reverberate through global supply chain?

S&P Global expects the move to reverberate through the global battery storage supply chain, further driving down prices already at historic lows. From ESS News New renewable energy plants in China will no longer be required to build storage in order to secure development rights and grid connection.

How will a new battery energy supply chain affect prices?

S&P Global expects the move to reverberate throughout the global battery energy storage supply chain, further driving down prices that are already at historically low levels. New renewable energy plants in China will no longer be required to build storage in order to secure development rights and grid connection.

Why is the energy storage industry shrinking?

Under the influence of policy shifts, technological iterations, price competition, and other multiple factors, the energy storage industry continues to show a trend of stronger leading enterprises and shrinking living space for small and medium-sized manufacturers.

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China scraps energy storage mandate for renewable energy plants

Since introduced in 2022, policy mandates requiring solar and wind energy projects to include energy storage systems have been crucial in the acceleration of storage deployment in China.

From Document No. 136 to Document No. 394: The Great

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China's Post-136 Era: Energy Storage Safety Emerges as Key

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End of Mandatory Energy

Storage Era: Restructuring Revenue ...

This document explicitly states that "the configuration of energy storage shall not be a prerequisite for the approval, grid connection, or market access of new renewable energy projects."



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[SMM ESS] Breaking News! New Energy Grid Power Fully Enters ...

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Why Energy Storage Projects Are Getting Cancelled: A Deep ...

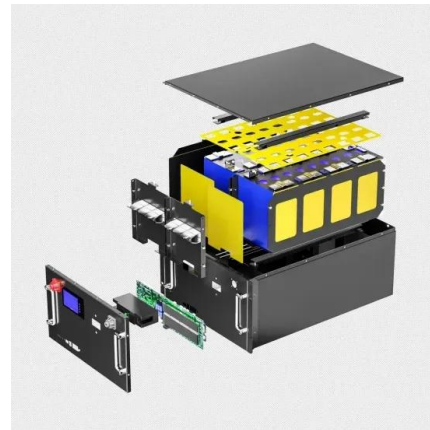
China's energy storage sector grew like bamboo after rain for four straight years until February 2025. That's when the government dropped a policy bombshell canceling mandatory energy

storage allocations for new renewable projects [7].



China scraps energy storage mandate for renewable energy plants

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The new policy of new energy power generation has canceled the

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However, as the capacity of the power plant increases, even if the timing control on the cast-off has been very close to simultaneous, the

required configuration of power-type energy storage may still require a large capacity due to the DR configuration that may lead to power fluctuations equivalent to the capacity of the power plant, thus



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China's Energy Storage Policy Shifts: Market-Driven Era Begins ...

This landmark decision coincides with eight ministries jointly releasing the High-Quality Development Action Plan for New Energy Storage Manufacturing, signaling China's strategic pivot from administrative mandates to market-driven growth.



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