# Briefing: China Inner Mongolia Clean Energy Transition Project

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*The China Inner Mongolia Clean Energy Transition Project is a gas pipeline extension project. The project has several significant weaknesses: Part of the gas supply will be sourced from the Datang Keshiketeng Coal-to-Gas Plant (ESIA, p. 93), and thereby constitutes part of the coal value chain, which violates the AIIB ESF. Furthermore, energy is lost during coal-to-gas conversion, and as a result, the gas produced has an even higher CO2 footprint than coal. The project is classified as Category A and is expected to have significant environmental and social impacts. It is expected to result in economic displacement due to both permanent and temporary land acquisition, including impacts on ethnic minority communities. At least 93 individuals will be affected by permanent land acquisition, and at least 23,076 by temporary land acquisition (Resettlement Plan, p.2).*

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## Key Project Details

- The *China Inner Mongolia Clean Energy Transition Project* consists of three subprojects: a series of expansions to an existing pipeline project, the construction of several stations for vehicle refill, and a 10 MW small-scale photovoltaic plant. The pipeline expansion represents the main part of the investment.
- The pipeline expansion will have a total capacity to transport 1.77 billion cubic meters of gas per year (hereafter: bcm/a) (ESIA p.36).
- The existing pipelines are currently supplied with gas from the Changqing conventional gas field. The expansion project would connect these pipelines to the Datang Keshiketeng Coal-to-Gas Plant, which produces coal-based synthetic natural gas (SNG) (ESIA p. 93).
- The ESIA clearly indicates that the pipeline will carry gas from both sources.: „The main gas sources are PetroChina Changqing Gas Field and Inner Mongolia Datang International Keshiketeng coal-based natural gas.“ (ESIA, p.93)
- The AIIB provides limited data on what share of the gas comes from which source. However, using available data, we estimate that up to 21% of the gas transported could be derived from coal.
- The hydrogen doping ratio of the project is 3-10%, but not all sections are designed to accommodate this ratio (ESIA, p. 110-111). It is unclear when or if this ratio would be attained, and if the hydrogen transported will be green.

## Pipeline Details

- The pipeline expansion is divided into five sub-sections. Two sections will only carry gas from the Changqing gas field (Figure 1, Sections 1-2). Three sections will connect the Datang Keshiketeng Coal-to-Gas Plant to the existing network (Figure 1, Sections 3-5).

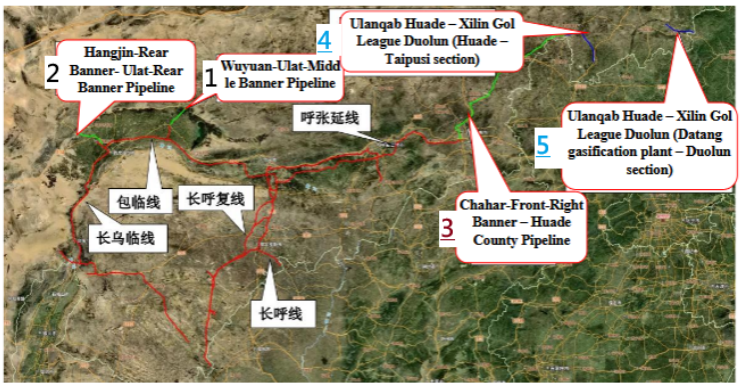


**Figure 3 Location diagram of the construction project- - Clean Energy Transport Project**

*Figure 1: Map of the project (Source: ESIA p12). Numbers added for clarity. Red lines indicate existing pipeline sections. Green and blue lines indicate sections included in the current expansion project.*

- Sections that will transport gas from the Changqing gas field:
  - Section 1: Wuyuan-Ulat-Middle Banner Pipeline; capacity: 0,306bcm/a, length: 34km
  - Section 2: Hangjin-Rear Banner- Ulat-Rear Banner Pipeline; capacity: 0,076bcm/a; length: 45km
- Sections that will connect the Datang Keshiketeng Coal-to-Gas Plant to the existing pipeline and to the Changqing gas field:
  - Section 3: Chahar-Front-Right Banner – Huade County Pipeline (察右前旗——化德输气管道), capacity: 1bcm/a; length: 281km. The longest and largest section of the project, will connect the existing pipeline to sections 4 and 5.
  - Section 4: Ulanqab Huade –Xilin Gol League Duolun (Huade – Taipusi section) (乌兰察布化德—锡林郭勒盟多伦县输气管道（化德-太仆寺旗）); capacity 0,385bcm/a; length: 75km
  - Section 5: Ulanqab Huade – Xilin Gol League Duolun (Datang gasification plant – Duolun) (乌兰察布化德——锡林郭勒盟多伦县输气管道（大唐煤制气 4#阀室—西部然气多伦分输站); capacity: 0,385bcm/a; length: 28km
  - Another section, between 4 and 5, is also planned but not to be financed by the AIIB.

## Gas Sources

- The gas originates from two large-scale, active gas sources: PetroChina Changqing Gas Field (conventional gas) and Datang Keshiketeng Coal-to-Gas Plant (coal-based SNG) (ESIA, p. 93)
- PetroChina Changqing Gas Field:
  - Output capacity: ~30 bcm/a (ESIA p. 102)
  - Status: active
  - One of the largest oil and gas fields in China.

    - Located at the southwestern end of the map. It is already connected to the existing pipeline network, and could provide gas to all the planned sub-sections.
- Datang Keshiketeng Coal-to-Gas Plant (coal-based SNG):
    - Output capacity: 4 bcm/a (ESIA p. 103)
    - Status: active
    - Located at the very north-east of the map. Will be connected to the pipeline network through sections 5, 4, and 3.

## Estimation of Gas Potentially Derived from Coal

- The Datang Coal-to-Gas Plant has an output capacity of 4 bcm per year, which exceeds the total capacity of the pipeline. This indicates that the plant could, in principle, supply up to 100% of the gas transported by sections 3, 4 and 5.
- The amount of coal-based synthetic natural gas (SNG) that can actually be transported is constrained by the capacity of the pipeline sections connecting the plant to the rest of the network—namely, Sections 4 and 5 – which have a combined capacity of 0.385 bcm per year.
- Given the project's total pipeline capacity of 1.767 bcm per year, the potential share of coal-based SNG in the transported gas is 0.385 / 1.767 $\approx$ 21.7%.

## Hydrogen Sources

- Hydrogen can be added at multiple locations. The primary sources will come from the Wuhai and Ordos regions, among others.
- Limited information is provided regarding hydrogen, apart from the statement that "the hydrogen doping ratio of this project is 3–10%." However, not all sections are designed to accommodate this ratio (ESIA p. 110–111). The ESIA does not specify when the 3–10% ratio would be achieved, nor whether it refers to weight, volume, or energy. Given the limited information available, it is not possible to confirm the output capacities of the hydrogen facilities, whether they produce green hydrogen, or whether they are operational as of 2025.

## Questions to AIIB-Management

- How much of the gas carried by the pipelines will be coming from the Datang Keshiketeng Coal-to-Gas Plant?
    - If no gas is coming from the Datang Keshiketeng Coal-to-Gas Plant, why does the project connect the coal-to-gas plant to the existing pipeline network?
- What are the hydrogen sources of the project? How much hydrogen will be added at which sections of the pipeline? How much of it will be sourced from renewables?
- What would be the costs of covering the energy demand with wind or solar energy?
- The ESIA (p. 201) claims that the project will **reduce coal consumption by 14,794 million tons per year**. How is this number calculated? Which coal facility will be closed as a direct result of the pipeline extension?
- What is the status of the Gender Action Plan and Stakeholder Engagement Plan for the project-affected people?