

Reforming the Chinese Electricity Supply Sector: Lessons from International Experience

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Michael G. Pollitt, Chung-Han Yang, Hao Chen

Abstract We begin with a brief background to the current Chinese power market reforms which began with the State Council No.9 Document of March 2015. We introduce 14 different electricity reform elements from international experience. Under each of these reform elements we will discuss: its theoretical significance; general reform experiences with it; and its application in the Chinese context. Our motivation is how China might bring down the currently high industrial price of electricity. We identify four promising sources of price reduction: the introduction of economic dispatch of power plants; rationalisation of electricity transmission and distribution; reduction of high rates of investment; and rebalancing of electricity charges towards residential customers. We draw out some overall lessons and identify some important points for future research into Chinese power market reform.

Keywords power market reform, international experience, China, industrial electricity price

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Contact m.pollitt@jbs.cam.ac.uk
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