



China's Energy Law Draft and the Reform of its Electricity Supply Sector

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Jun Xu

Michael G. Pollitt

Bai-Chen Xie

Chung-Han Yang

Abstract China is reforming its electricity supply industry under the guidance of the No.9 document published in 2015. However, such reform has not been supported by new legislation until now. China unveiled an Energy Law draft in April 2020 for public consultation. It is widely regarded as an attempt to provide a legal foundation for ongoing energy sector reforms. This paper introduces the legislative background to China's Energy Law and then identifies the weaknesses of the April 2020 Energy Law draft from the perspective of international experience. We find that although the Energy Law draft represents positive progress on the vertical unbundling and the price mechanism with respect to the competitive and natural monopoly segments of the power sector, it still does not provide adequate support for most other elements. The enacted Energy Law needs to make more explicit provision on horizontal restructuring, incentive regulation, privatization and independent regulation, while the 1995 Electricity Law should also be updated to include reference to the spot market and efficient allocation of transmission capacity as secondary legislation.

Keywords No.9 Document, Energy Law, power market reform

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Contact j.xu@jbs.cam.ac.uk

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