



Measuring the effects of power system reform in Jiangsu province, China from the perspective of Social Cost Benefit Analysis

EPRG Working Paper 2213

Cambridge Working Paper in Economics CWPE2247

Tianyu Li, Ciwei Gao, Michael G. Pollitt, Tao
Chen, Hao Ming

Abstract

The paper uses a social cost benefit analysis (SCBA) approach to measure the effects of the power system reform starting from 2015 in Jiangsu province, China. We review the background of Jiangsu power system and summarize the implemented policies since the publication of “Document #9”. Then we pick the average industrial and commercial retail price and analyse the sources of price reductions. We show that the nominal industrial and commercial price fell by 21.3% between January 2012 and May 2021. We then analyse the likely overall welfare change facing industrial and commercial customers using SCBA and conclude that there is a permanent gain equivalent to 9.1% lower prices per year mainly because of the reform. This figure is a significantly more positive consumer gain than that calculated in previous SCBAs of electricity reform in other countries.

Keywords Power system reform (PSR), social cost benefit analysis (SCBA), electricity market, industrial and commercial electricity price

JEL Classification L94

Contact ltytc1204@126.com
Publication September 2022
Financial Support FCO