

Analysis of China's Power Regulatory Status and Suggestions for Improvement

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Abstract: The power industry has always been a key industry regulated by the government. Through continuous improvement of supervision and maintenance, the industry is kept open and fair, and provides a good power guarantee for the national economy and people's livelihood. This study found that China's power regulation currently has problems such as incomplete regulatory regulations, unclear responsibilities of regulatory agencies, and the need to improve the regulatory approach. Therefore, this article suggests that the supervision can be improved from the aspects of strengthening overall coordination in power supervision, further standardizing supervision methods and supervision methods, and so on.

1. Introduction

As an industry related to national economy and people's livelihood, the power industry has been under the supervision of governments of various countries, and the supervision system and means have been continuously improved over time. China is strengthening the reform of the power system, in which strengthening the supervision of power companies is an important part. Therefore, it is necessary to analyze the current problems of China's electric power supervision and put forward relevant suggestions.

2. Main contents of power industry regulation

There are generally two understandings of the meaning of power regulation. One is broad regulation, which mainly refers to the price, investment, market access, product and service quality, safety, environment, and general service of the power industry in accordance with laws and regulations. Perform norms and constraints. General supervision includes both professional supervision implemented by regulatory agencies and comprehensive supervision implemented by government departments. The second is narrow regulation, which mainly refers to the state authorized electric power regulatory agencies to regulate and restrict the market access, price, investment and other actions of the electric power industry according to law. Narrow supervision mainly refers to the professional supervision that electric power supervision agencies are responsible for implementing. The scope of the research here is defined as broad supervision.

For a long time, due to the natural monopoly nature of the power industry, the power industry of most countries in the world has implemented a vertically integrated monopoly business model. Government supervision is considered to be an important means to make up for market failures and solve monopoly business defects. With the advancement of technology, the natural monopoly attribute of the power generation link is gradually weakened, but the field of transmission and distribution still has an obvious natural monopoly attribute.

Therefore, the regulatory agencies have adopted measures for classified supervision of different business links: the main features of competitive links such as power generation and electricity sales are deregulation and the introduction of market competition mechanisms. The goal of supervision is to encourage fair competition, prevent market monopoly, and guarantee Market order for fair and effective competition; for natural monopoly links such as transmission and distribution, focusing on strengthening the supervision of fair and open networks, transmission and distribution prices, and

service quality. In general, the core concept of electric power supervision is to give full play to market functions in the competition, strengthen supervision in the natural monopoly, make the objects and contents of supervision more concentrated, and improve the effectiveness and efficiency of supervision.

From the perspective of supervision content, power supervision can be divided into economic supervision and social supervision. Economic regulation achieves the desire to maximize the value of economic efficiency by eliminating or alleviating the loss of market resources allocation by monopolistic forces and excessive competition. It mainly implements supervision in areas such as price, cost, investment, access, and market. Social supervision reduces the loss of social fair value by suppressing external diseconomies, internal problems and information asymmetry, and mainly implements supervision in the fields of safety, environment, universal service and environmental protection.

3. China's power supervision status and existing problems

The Chinese government's supervision of the electricity market is mainly based on the "Power Regulations" to regulate the electricity market. The scope of supervision mainly involves the generation, transmission, distribution, sales and trading platform construction. The National Energy Administration performs the national electricity Market supervision responsibilities. With the continuous improvement and implementation of regulatory rules, grid supervision has played an important role in promoting the safe and stable operation of China's power system and the healthy development of power companies, but at the same time, some problems and deficiencies have been exposed in the practice of supervision.

3.1 The supervision function needs to be coordinated.

China's power grid supervision functions are distributed in multiple government departments, such as the Energy Bureau responsible for power grid policy, planning and project preliminary review, the Energy Bureau responsible for power grid security, service quality and price implementation supervision, the Development and Reform Commission responsible for power pricing and project approval, and the Ministry of Finance for formulation The financial system, etc., the systemic and synergistic aspects of various regulatory measures need to be strengthened.

3.2 Supervision laws and regulations are not yet perfect.

Some laws and regulations in the field of China's power grid supervision have yet to be established and perfected. Some supervisions are subjective and arbitrary, and there are irregularities and failures in supervision.

3.3 The content of supervision and the interface of enterprise management are not clear.

The supervision of many aspects of power grid companies has been deepened into internal management, and even affected the normal production and operation of power grid companies.

3.4 Supervision methods need to be further improved.

At present, the regulatory agencies mainly rely on administrative methods, surprise inspections and other methods to implement supervision on power grid enterprises. The supervision methods are not standardized and refined, and the standards for supervision implementation need to be further improved.

4. Recommendations to the government

4.1 Strengthen the cooperation of various departments in power supervision

Strengthen the coordination of various departments such as the National Development and Reform Commission, the State-owned Assets Supervision and Administration Commission, the State Electricity Regulatory Commission, the Ministry of Commerce, and the General Administration of

Safety Supervision and Administration in electric power supervision. Faced with the new regulatory situation and tasks, China needs to further establish and improve the power supervision system with clear responsibilities and coordination of various regulatory departments (organizations), and establish and improve the coordination mechanism between grid investment approval, grid price setting, and grid safety and quality supervision. In order to ensure safe investment, grid investment should be considered as a valid asset after the government has approved the grid investment, and the transmission and distribution price should be verified according to the principle of cost plus revenue.

4.2 Coordinate the relationship between power grid business supervision and management supervision of power grid enterprises.

Combining the profitability requirements for power grid assets in the supervision of power grid business with the state's requirements for the operation and development of state-owned enterprises, we can actively learn from the successful contract supervision in some countries.

4.3 Power grid enterprises should not be restricted from strengthening and optimizing other competitive businesses.

Grid business regulation is to compensate for market failures caused by natural monopolies, and the reasonable scope of regulation is grid business. The general experience of developed countries in the world is to allow the grid business to obtain a reasonable level of income, while not restricting companies to strengthen and optimize other competitive businesses.

4.4 Further regulate the supervision methods and supervision methods.

The first is to establish and improve various supervision rules as soon as possible, strictly implement supervision in accordance with laws and regulations, avoid randomness of supervision, and realize that there are laws and rules for supervision work. The second is to establish and improve unified electric power regulatory standards, clarify the identification and basis of various regulatory standards, and strengthen the legal compliance of regulatory evaluation indicators. The third is to clarify the interface between power supervision and internal management of the enterprise, maintain the autonomy and enthusiasm of the enterprise for internal management, and conduct reasonable and effective supervision of the content that needs to be regulated according to regulations.

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