



China: Preparing for a Chinese Power Market Reform

Market reforms could potentially solve the problem of curtailed excess electricity for the benefit of Chinese society.

In the process of outlining a new market based reform for the Chinese power market, a group of Chinese and foreign experts gathered in Beijing on April 28th. Hosted by the German development agency GIZ, a group of leading experts from Europe and China - including a representative from the Danish TSO Energinet.dk - exchanged views and experiences with different market setups and features relevant for a Chinese power market reform.

National Energy Agency (NEA) outlined some of the challenges that the Chinese power sector faces at the moment. The purpose of the Chinese power market reform is mainly to create a more competitive and effective power sector, regarding investments and operations. However, the Chinese also face other challenges including the fact that large amounts of wind generated electricity is curtailed and consequently not fulfilling its full low carbon potential of China. Thus creating a much more flexible power market technically as well as operationally is getting a lot of attention from the Chinese lawmakers and regulators.

The Danish and German power market experts elaborated on the way Denmark and Germany have developed power markets that are able to handle large quantities of solar and wind power without major technical changes. With a fleet of much more advanced coal fired power plants and grid enforcements China would have a good opportunity to gain the full benefit of the fast expanding renewable energy fleet. With proper market incentives the current challenges look as if they can in fact be resolved for the benefit of the Chinese power consumers and the Chinese society.

[About the Danish-Chinese cooperation, Materials on the Danish-Chinese cooperation](#)

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