



National Energy  
Administration of China

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# **The Country Report of Energy Industry and Regulatory Framework**

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- Part I: energy market in China
  - Part II: energy regulation in China



# Part I - Energy market in China

## 1. The coal industry

Coal production in China has a downward trend which has been finished 3.75 billion tons in 2015, year decrease of 3.3%, and the consumption is decreased to 3.61 billion tons, year decrease of 3.7%.



# Part I - Energy market in China

## 1. The coal industry

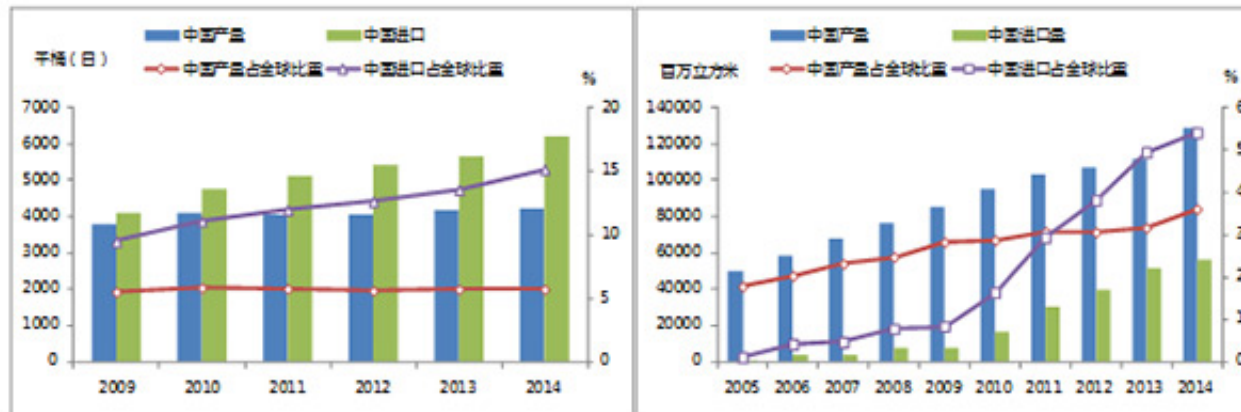
Coal production and circulation has realized marketization in China, market plays a decisive role in the allocation of resource. The judgment of the market is more close to the real fact between supplement and requisitioning parties. The whole market remains a loose situation in the total amount.



# Part I - Energy market in China

## 2. Oil and gas industry

In 2015, crude oil and gas production has finished 220 million tons and 134.61 billion m<sup>3</sup> separately in China. Besides, we exploit and use unconventional gas actively, so as to coalbed methane and shale gas production exceed 18 billion and 4.67 billion m<sup>3</sup> respectively.



# Part I - Energy market in China

## 2. Oil and gas industry

In the field of oil and gas market, Chinese government is advancing system reform orderly. Since 2014, the pipeline network should be opened fairly to the third parties on the basis of the calculation and declaration of its residual capacity.



中国石油要盖全国的天然气管网体系



# Part I - Energy market in China

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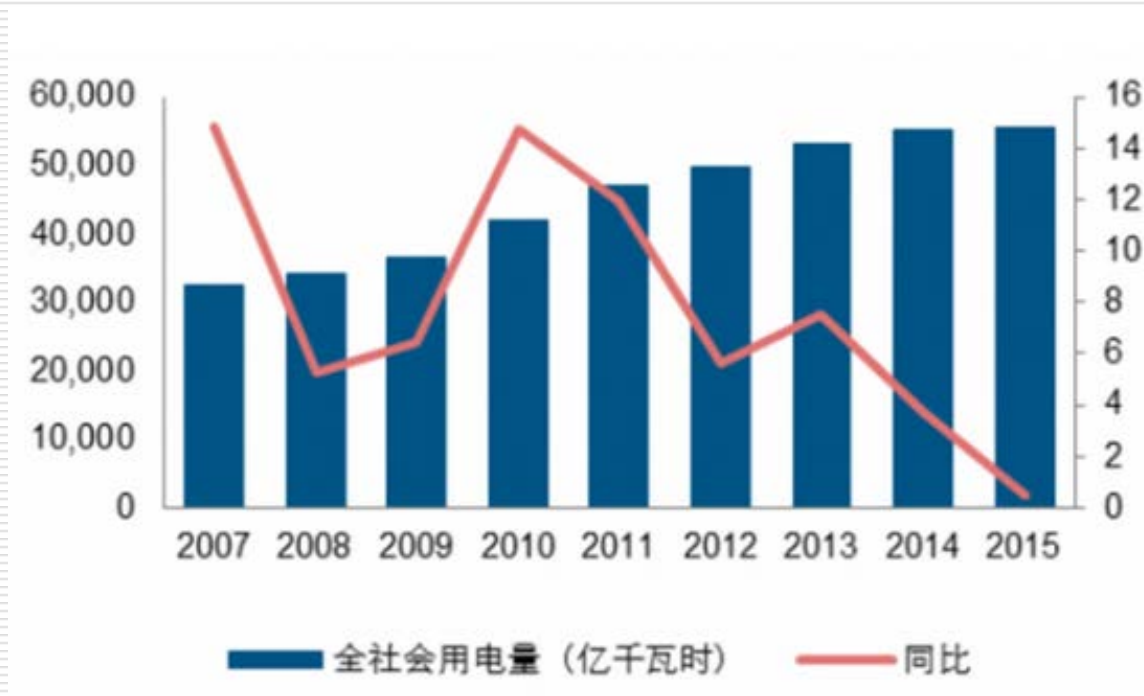
## 3. Electric Power industry

In 2015, electricity consumption in the whole society of China is 5.55 trillion KWh, year growth of 0.5%, 3.6 percentage points less than last year. The installed capacity of power generation in China is 1510 GW which has been No.1 in the world by the end of 2015. Non-fossil energy generation capacity like hydropower, wind power, nuclear power and photovoltaic power are 520GW, 7.7 percentage points higher than in 2014 which takes 34.3% of the total installed capacity. Thermal power installed capacity is 990GW which accounts for 65.7% of the total installed capacity, 7.7 percentage points lower than 2014.



# Part I - Energy market in China

China's total electricity consumption and year increasing rate

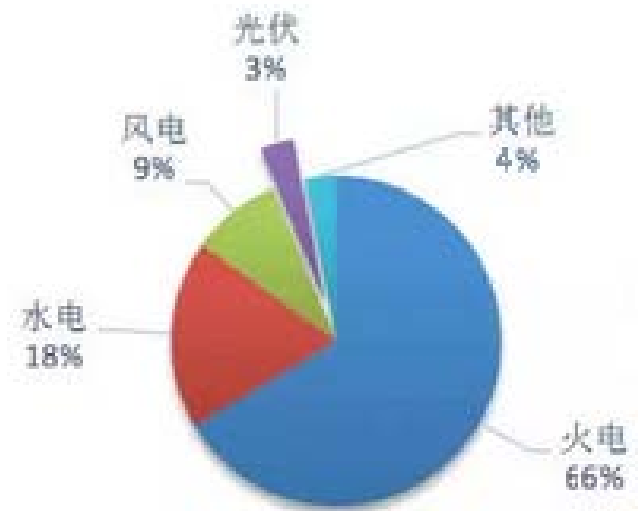
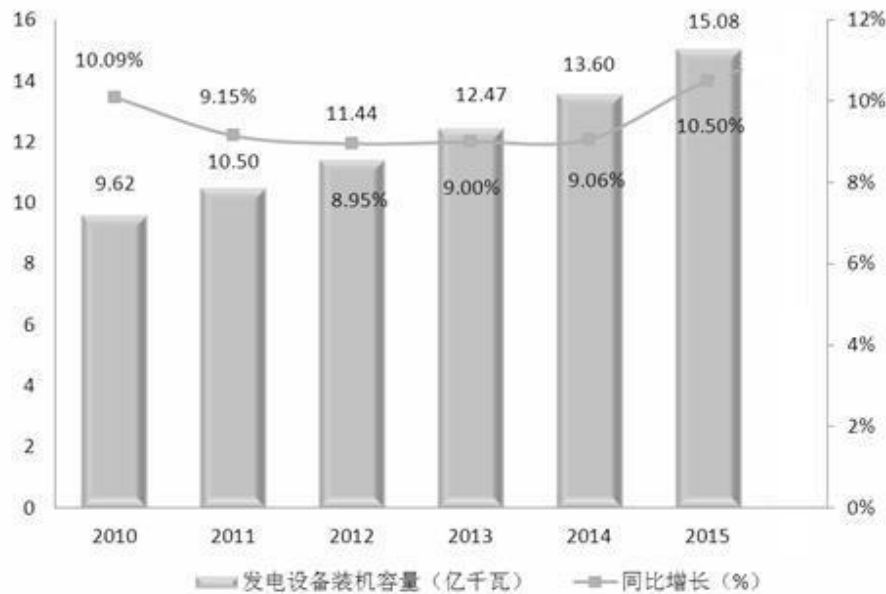




# Part I - Energy market in China

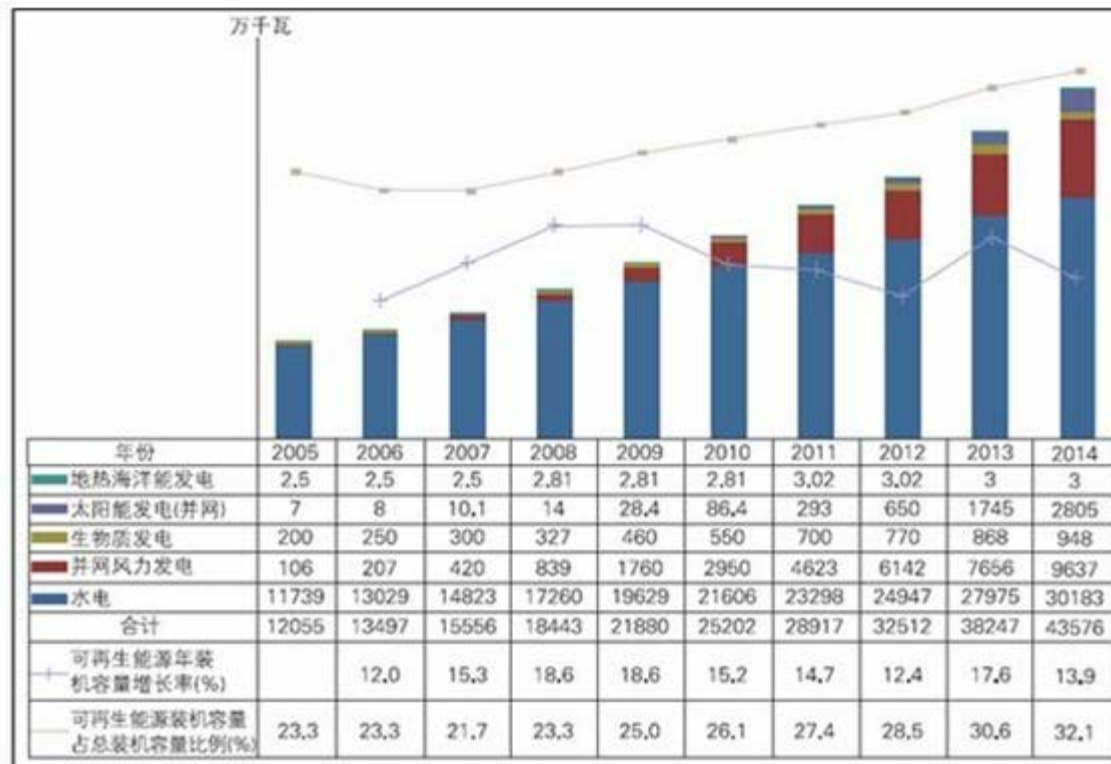
China's total installed capacity and its components

2010-2016年中国发电装机容量及增速（单位：亿千瓦，%）



# Part I - Energy market in China

China's total installed renewables capacity and annual growth rate



# Part I - Energy market in China

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## Reform of Electric Power Market

In 2015, Chinese central government is keeping to promote the reform of electricity market, and issue the 《opinions on further deepening the reform of electric power system》, which also put forward the strategy of “three release, one independent, three strengthen”.



# Part I - Energy market in China

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The main content includes the following seven aspects:

1. evaluate independent transmission-distribution price for different voltage class according to "approved cost plus reasonable profit".
2. carry out the market-oriented pilot work of the combination of long-term trading and spot transaction in the regions with the favorable conditions; find price signals by spot and avoid market risks using the medium and long-term trading, which truly reflects commodity properties of the electric power.



# Part I - Energy market in China

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3. establish the relatively independent power trading institution and form the fair and formal market trading platform. Follow the rules of market economy and electricity technical characteristics to position State Grid Corporation, and improve the market function of the power trading institution.
4. reduce the planned quantities orderly, expand the proportion of market quantities gradually, and guide the market players to adopt market-oriented transactions, so as to achieve a smooth transition of the balance of electric power from the plan means-oriented to market means-oriented .



# Part I - Energy market in China

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5. push forward the reform of electricity retail side steadily and release the sale of electricity business to social capital orderly. Then encourage social capital to invest in power distribution business, cultivate the market players in several ways and stipulate the market players corresponding rights and responsibilities.
6. open access to grid fairly, develop new mechanisms of distributed power. Improve operation services for integration into the grid, as well as strengthen the regulation of the self-contained power plant.
7. enhance the planning of power industry, especially the grid, to improve the level of safety and reliability. Strengthen the regulation as well as reduce the administrative examination and approval.



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## Part II - Energy Regulation in China

In the first half of 2013, Chinese government has recombined energy administrative institutions, founded the new National Energy Administration, make energy administrative functions more centralized and improve the efficiency. The regulation fields have been expanded to the entire energy industry from the original electric power regulation. The regulation thinking has been further cleared and regulation missions have been more specific.



# Part II - Energy Regulation in China

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## **1, Innovate regulation approaches, establish the closed-loop regulation mechanism.**

According to the Central Government's requirements of transforming Government functions, simplifying administrative procedures and delegating powers to lower levels, it should improve the closed-loop regulation work mechanism, enhance the underway and post-regulation of energy projects, and ensure the effective implementation of energy planning, strategies and policies.





# Part II - Energy Regulation in China

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**2, Develop the highlighted/specific regulation items,  
Value the actual effects of regulation.**

Aiming to the outstanding problems reflected by market players, we have successively executed the regulations on the integration of renewable energy power, the improvement and construction of coal projects, electric power dispatching transaction and market order, the quality upgrading of finished product oil and so on.



# Part II - Energy Regulation in China

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## 3, Improve the energy regulation laws and rules.

We have analyzed the problems and defects in the aspects of regulation rules and systems seriously, worked with National Development and Reform Commission to issue <Power Transmission and Distribution Pricing Cost Regulation and Examination Measures (trial)>, released <Provisional Procedures for New Electric Power projects Access to Electric Grid >, <Oil and Gas Pipeline Facility Fair Publicity Regulations (trial)> and other batches of laws and regulations. At present, we are cooperating with related departments to amend <Energy Act> and <Electric Power Act> to gradually perfect the laws and rules of energy regulation.



# Part II - Energy Regulation in China

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## 4, work focuses in the next step

- fasten the improvement of regulation laws and rules, ensure the implementation of energy strategies, plans and policies.
- curb the unreasonable energy consumption, control the total volume of energy consumption.
- promote the high efficient utilization of coal cleaning, facilitate the rapid development of renewable energies, guarantee the stable supplies of energies.



# Part II - Energy Regulation in China

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## 4, work focuses in the next step (continued)

- correctly deal with the relations between the government and markets, positively build the united, open and orderly competitive energy market system, regulate the market subject behaviors.
- enhance the regulation on power grid, oil and gas pipeline and other monopolistic links, oppose the unfair competition and punish various illegal behaviors by law.



# Conclusions

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- The Chinese government is taking measures to promote clean energy efficient utilization as well as the reform of power, oil and gas system. It aims to make the market to play a decisive role in the allocation of resource, and create pre-conditions for healthy and sustainable development of national economy.
- We will make unremitting efforts to build a better and more harmonious earth home with the whole international community.
- We also highly value the experience sharing and cooperation with fellow delegates on the topic of energy regulations.



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*Thank You*

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