Challenges for the World’s Largest Power Sector: A Very Brief Overview

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Some Big Items on China’s Power Sector Reform Agenda

1. Power sector planning and project approval

2. Generator dispatch

3. Grid company regulation
Electricity Consumption Has Slowed

Source: CEC
Coal Generation Overcapacity

Wind and Solar Energy Curtailment Rates by Province in China, First Six Months of 2015

Source: NEA
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Merit Order Dispatch Curve
优先调度曲线

Hypothetical dispatch curve for summer 2011
variable operating cost (dollars per megawatthours)

Source: US EIA
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Concluding Thoughts

• Will power sector reform reduce bias toward coal?
  – Many implementation details still to be worked out

• How might emissions trading contribute?
  – Can be a useful tool, but only one part of the picture
About RAP

The Regulatory Assistance Project (RAP) is a global, non-profit team of experts that focuses on the long-term economic and environmental sustainability of the power sector. RAP has deep expertise in regulatory and market policies that:

- Promote economic efficiency
- Protect the environment
- Ensure system reliability
- Allocate system benefits fairly among all consumers

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