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Circular on the plan for full liberalization of electricity production and consumption by industrial consumers

Published on: June 22, 2019

Original title: 国家发展改革委关于全面放开经营性电力用户发用电计划的通知 发改运行〔2019〕1105号

Links: Source document (in Chinese) ([link](#)).

National Development and Reform Commission

Notice on the full liberalization of the power generation and consumption plan of operating power users

Development and Reform Operation [2019] No. 1105

Development and Reform Commissions of all provinces, autonomous regions and municipalities directly under the Central Government, Economic and Information Commission (Industry and Information Technology Commission, Department of Industry and Information Technology, Department of Economy and Information Technology, Industry and Information Technology Bureau), Energy Bureau, Beijing Municipal Urban Management Commission, China National Nuclear Industry Corporation Co., Ltd., State Grid Corporation of China, China Southern Power Grid Co., Ltd., China Huaneng Group Co., Ltd., China Datang Group Co., Ltd., China Huadian Group Co., Ltd., State Power Investment Group Co., Ltd., China Three Gorges Group Co., Ltd., National Energy Investment Group Co., Ltd., China Development and Investment Group Co., Ltd., China Resources Group Co., Ltd., China General Nuclear Power Group Co., Ltd.:

In order to thoroughly study and implement Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and the spirit of the 19th National Congress of the Communist Party of China, conscientiously implement the deployment requirements of the Central Economic Work Conference and the government work report, further fully liberalize the power generation and consumption plan of operating power users, improve the degree of marketization of electricity trading, and deepen the reform of the power system, the relevant requirements for the full liberalization of the power generation and consumption plan for operating power users are hereby notified as follows.

1. Fully liberalize the power generation and consumption plan of operating power users

(1) All localities should coordinate and promote the comprehensive liberalization of the power generation and consumption plan for operating power users, adhere to the principle of standardization, orderliness and prudence, adhere to the market-oriented direction, improve the price formation mechanism, implement the requirements for clean energy consumption, ensure the safe and stable operation of the power grid and the stable supply of power users, and strengthen the supervision of market entities during and after the event.

(2) In principle, all power generation and consumption plans of operating power users shall be liberalized. Except for power users in residential, agricultural, important public utilities and public welfare services, as

well as plant electricity consumption and line loss necessary for power production and supply, other power users are operating power users.

(3) Among operating power users, power users who do not comply with the national industrial policy will not participate in market-oriented transactions for the time being, and power users whose products and processes belong to the eliminated and restricted categories in the "Industrial Structure Adjustment Guidance Catalogue" will strictly implement the existing differential electricity price policy. Enterprise users who meet the tiered electricity price policy will continue to implement the tiered electricity price policy on the basis of market-oriented electricity prices.

(4) Enterprises with coal-fired captive power plants shall bear government funds and additional and policy cross-subsidies, universal services and social responsibilities in accordance with relevant national regulations, pay system backup fees to power grid enterprises as agreed, obtain power business licenses, meet energy efficiency and environmental protection requirements, and become qualified market entities. In order to promote and encourage the comprehensive utilization of resources, we will continue to implement relevant support policies such as reducing and exempting system backup fees and policy cross-subsidies for the construction of waste heat, pressure differential and residual gas generated in the process of recycling and utilizing usable heat, differential pressure and residual gas in the process of industrial production.

(5) Local government departments should work with power grid enterprises to study and sort out in detail the list of users who are temporarily not participating in the market, grasp the participation of operating power users in market-oriented transactions, gradually establish a statistical analysis system for power users to participate in market-oriented transactions by industry, and timely grasp the full liberalization of operating power users.

2. Support small and medium-sized users to participate in market-oriented transactions

(6) Actively support small and medium-sized users to participate in market-oriented transactions on behalf of electricity sales companies, and small and medium-sized users need to sign agency power purchase contracts with power sales companies and power supply and consumption contracts with power grid enterprises, and clarify relevant rights, responsibilities and obligations.

(7) The main forms of participation in market-oriented transactions for operating power users can include direct participation, participation by electricity sales companies, and other localities according to the actual situation. All localities can set a period of transition for the full liberalization of the power generation and consumption plan of operating power users based on the power supply and demand situation in the region.

(8) For small and medium-sized users who choose to participate in market-oriented transactions but cannot reach a transaction intention with power generation enterprises, the original power purchase method shall be implemented during the transition period, and other market-oriented power purchase methods shall be implemented after the transition period.

(9) Small and medium-sized users who withdraw from market-oriented transactions or do not choose to participate in market-oriented transactions shall bear the responsibility for guaranteed power supply before participating in market-oriented transactions again directly or through agency.

3. Improve the price formation mechanism after the full liberalization of the operating power generation plan

(10) The price formation mechanism after the full liberalization of the operating power generation plan shall be implemented in accordance with the relevant policies of the price authorities.

(11) For electricity that has been executed in accordance with the market-oriented trading rules, the price is still formed in accordance with the market-oriented rules. When power users and power generation enterprises independently negotiate and sign contracts, the specific price shall be determined in a flexible and floatable form, and the price fluctuation method shall be agreed upon by both parties in advance.

Fourth, do a good job in ensuring the supply of public welfare electricity

(12) All localities should further implement the relevant requirements for standardizing the management of priority power generation and power purchase, and arrange priority power purchase for users of agriculture, residents' lives, party and government organs, schools, hospitals, public transportation, finance, communications, postal services, water supply, gas supply and other important public utilities, public welfare services, etc. Combined with local conditions, strengthen classified policies, pay close attention to the study of measures to ensure the implementation of priority power generation and priority power purchase, and coordinate the standardized management of priority power generation and priority power purchase plans.

(13) All localities should sort out the list of priority power purchase users in detail according to the principle of priority power purchase guarantee, implement dynamic management and tracking guarantees, and in principle, all other operating power users other than priority power purchase should participate in the market.

(14) All localities should reasonably formulate orderly electricity consumption plans and adjust them on an annual basis, and in the event of a power gap or major emergency, guarantee power supply to priority power purchase users, and other users shall bear the obligation of orderly electricity consumption in accordance with the orderly electricity consumption plan.

(15) Power grid enterprises shall assume relevant responsibilities in accordance with regulations and ensure the electricity consumption of priority power purchase users in accordance with government pricing. Priority power purchase is first guaranteed by priority power generation.

5. Effectively do a good job in the power generation guarantee of clean power supply in the plan

(16) Study and promote the implementation of the policy of guaranteeing priority power generation, focusing on the guaranteed acquisition of clean energy such as nuclear power, hydropower, wind power, and solar power generation. The power generation of nuclear power units is included in the priority power generation plan, and the relevant work requirements of the priority power generation and priority purchase plan management are carried out to ensure consumption. In areas with better consumption conditions, hydropower should arrange priority power generation plans according to the incoming water situation, taking into account resource conditions, historical averages and comprehensive utilization; In areas with limited consumption, based on the power generation in recent years, priority power generation plans are arranged according to market space, and the price of priority power generation outside the guaranteed capacity and price is determined through market-oriented methods. For new energy sources such as wind power and solar power generation, priority power generation plans will be fully arranged in accordance with resource conditions in areas where the state has not approved the minimum guaranteed annual utilization hours. In areas where the state has approved the minimum guaranteed annual utilization hours, reasonably arrange priority power generation plans based on the local supply and demand situation, and encourage electricity exceeding the minimum guaranteed acquisition annual utilization hours to compete for online access by participating in market-oriented transactions on the basis of guaranteed electricity consumption within the minimum guaranteed annual utilization hours approved by the state.

(17) Actively promote the work of unsubsidized and parity for wind power and photovoltaic power generation, and ensure that all electricity is included in the priority power generation plan for parity and low-cost grid projects, and priority is given to grid access under the same conditions. If there is wind and light abandonment in the parity and low-cost grid projects, the provincial government departments and power grid enterprises will fully approve the wind and solar power abandonment as transferable priority power generation plans, which can be transferred to other power generation enterprises through power generation rights transactions nationwide and obtain benefits. Electricity trading institutions should do a good job in organizing the trading of power generation rights for the priority power generation plan of wind and solar abandonment as required, and promote the implementation of the transaction.

(18) Power grid enterprises, power users and electricity sales companies shall assume relevant responsibilities as required and implement the obligation to consume clean energy. Encourage market entities participating in cross-provincial and cross-regional market-oriented transactions to consume additional clean energy electricity outside the priority power generation plan.

(19) Encourage operating power users to carry out market-oriented transactions with clean energy such as nuclear power, hydropower, wind power, and solar power generation, and absorb unplanned additional clean energy transmissions. Electricity trading institutions should actively do a good job in organizing clean energy consumption trading to further reduce the phenomenon of abandoning water, wind and light.

(20) Areas with limited clean energy consumption should speed up the implementation of the priority power generation plan into two parts: "guaranteed quantity and price" and "guaranteed quantity bidding", of which the "guaranteed quantity bidding" part forms the price through market-oriented methods, and the unsold part of market-oriented transactions can implement the average power purchase price formed by the marketization of the same type of units in the region.

6. Strengthen the performance supervision of direct electricity transactions

(21) All localities should formulate and improve relevant rules and regulations in a targeted manner, implement joint incentives for trustworthiness and joint punishment mechanisms for untrustworthiness, and strengthen the performance supervision of direct electricity transactions. Market entities organize the signing of direct transaction contracts in accordance with market transaction rules, clarify the corresponding rights and obligations, transaction electricity and prices and other important matters, and strictly perform the contract in accordance with the contract content.

(22) Local economic operation departments, together with power grid enterprises and power trading institutions, shall implement monthly statistics on the performance of direct electricity trading contracts, give full play to the role of power grid enterprises and power trading institutions, incorporate the performance of direct trading contracts into unified management, and report quarterly within a certain range. The National Energy Administration dispatches agencies to supervise the performance of direct electricity trading contracts within its jurisdiction.

(23) Market entities such as power generation enterprises, power users, and electricity sales companies should firmly establish market awareness, legal awareness, contract awareness, and credit awareness, and must strictly implement direct transaction contracts after they are concluded.

7. Safeguard measures

(24) All localities should take active measures to ensure the coordinated operation of cross-provincial and cross-regional transactions with the electricity markets of various regions and provinces (autonomous regions and municipalities) according to the actual situation. In cross-provincial and cross-regional market-oriented transactions, direct transactions between networks and peers are encouraged, and point-

to-network and point-to-point direct transactions are supported in an orderly manner in areas where conditions permit. All localities should liberalize the cross-provincial and cross-regional transmission and receiver market entities to promote the large-scale optimal allocation of resources and the consumption of clean energy. Beijing, Guangzhou power trading centers and local power trading institutions should actively create conditions to improve trading rules, strengthen mechanism construction, build trading platforms, and organize cross-provincial and cross-regional market-oriented transactions.

(25) The China Electricity Federation, third-party credit service agencies, and electricity trading institutions shall collect electricity transaction credit data, establish a dynamic credit record database, and publish relevant performance credit status in a timely manner. Enterprises that are honest and trustworthy and conscientiously perform contracts will be included in the integrity record, enterprises that perform poorly or even maliciously default will be included in the bad credit record and publicly notified as appropriate, and joint disciplinary measures will be implemented for seriously untrustworthy enterprises with violations of laws and regulations and those on the "blacklist".

(26) The competent departments of the governments of each province (autonomous region and municipality) shall report to the National Development and Reform Commission every month on the progress of the comprehensive development and development plan. All power trading institutions and power grid enterprises are responsible for the organization and implementation of market-oriented transactions, and cooperate with relevant departments to carry out supervision. All electricity trading institutions shall carry out verification of market transactions and report the relevant situation to local government authorities on time. The National Energy Administration dispatches agencies to supervise the implementation of the comprehensive development and development plan of all provinces (autonomous regions and municipalities) in its jurisdiction, and reports the relevant situation to the National Development and Reform Commission and the National Energy Administration every quarter.

National Development and Reform Commission

June 22, 2019

