
Major Reforms and Strategic Concepts of China's State Power Company

Jiang Shaojun

The reforms of the Chinese power industry started in the mid-1980s. These reforms include power generation by multiple types of producers, raising funds from a variety of sources, and active utilization of foreign capital. These changes have opened doors for non-central, non-state-owned investment entities and foreign investors in power supplies in China, and also have resulted in rapid growth in power supply in China.

China's total installed capacity increased from 57.12 GW in 1978 to 277.2 GW in 1998, and the energy generated increased during the same period from 256.6 TWh to 1,157.7 TWh. The average annual growth rates during this period were 8.2% for installed capacity and 7.8% for power generation.

Upon its establishment in 1997, the State Power Company was determined to make market reform as its fundamental direction. As a result, it has developed an aggressive four-step strategy to promote the privatization and restructuring of the industry, the establishment of the legal support infrastructure, and the formation of a competitive electricity market. The ultimate objective is to transform the State Power Company into a world-class, modern, private enterprise with efficient operations.

The first step of the strategy has included the formation of the State Power Company as a private enterprise by separating it from the political influence of government organizations at the national level.

The State Power Company is now undergoing the second step of the reform, in which the principal tasks of this step are:

- to separate the enterprise from the political influence of government organizations at the provincial level;
- to separate power plants from the power network, with bidding for the power network
- to expand the reform into rural areas
- to restructure power group-companies into branches.

With the deepening and widening of the reform process, the future electricity industry in China is expected to move from monopoly to competition, which will result in high-quality services at lower electricity price.