

Power Direct Trade Reform in China and the Role of the Competition Law

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ABSTRACT

China is in a new round of reform and is pushing ahead with freeing its power sector to cut prices and boost efficiency. In the face of the new round of reforms, the Development and Reform Commission of China delivered the first anti-monopoly decision on a monopoly agreement entered into by electricity suppliers. This paper discusses the first anti-monopoly case in the electricity sector in China, examining the arguments raised by the anti-monopoly enforcement authority and the authority's subsequent actions. We also reveal the obstacles to competition raised by electricity reform and the inadequacies of the competition authority in dealing with these anti-competitive problems.

Keywords: *Anti-monopoly Law, Power Sector, Price Reform, Direct Power Purchase, government.*

Main Objects:

What are the main obstacles to competition and market efficiency that have been raised by the Chinese power reform, especially by the DPP mechanism?

To what extent can China's competition policy help reduce the anti-competitive obstacles in the power industry?

Method:

This paper will try to address the above issues through an in-depth analysis of the first anti-monopoly case.

Conclusion:

The first Anti-Monopoly case in the electricity sector revealed that the changeable electricity sector was still troubled by entrenched monopolies, tension between different levels of government and a lack of regulatory oversight and transparency. The first case showed the competition authorities' attention to electricity monopoly issues and their intention to use antitrust as a tool to prevent problems in the implementation of electricity pricing reform. Although confined by institutional imperfections, the competition agencies have only a limited space in which to operate against local government. The pursuit of the anti-monopoly case is a good start for more enforcement activity of the AML in the electricity sector to facilitate the success of the electricity market-oriented reform