2. Special column – power market reform

China has initially established a unified national power market system

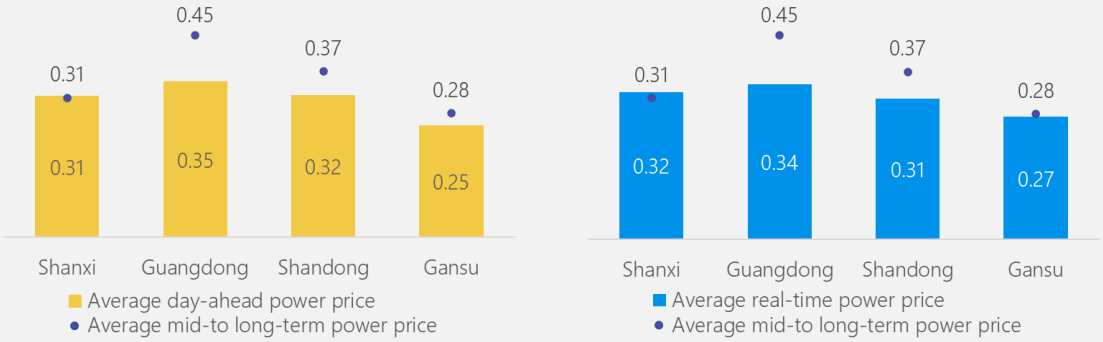
On June 28, 2025, the southern regional power market officially commenced continuous settlement trial operation, indicating that the five provinces of the China Southern Grid participated on the same platform with a unified trading methodology.[8] Furthermore, the NDRC passed the *Plan for Normalised Power Trading Mechanism Across Power Grid Operating Areas* (CHN: 跨电网经营区常态化电力交易机制方案) on July 1, 2025. It means that electricity users are free to participate in cross-grid[9] transactions, including medium- and long-term, spot, and green power tradings. The NDRC stated that by the end of 2025, State Grid and China Southern Grid should further unify market rules and transaction varieties to realise the normal opening of cross-grid transactions.[10] So far, China has initially established a unified national power market system according to the NDRC.[11]

Spot power price is in general lower than the medium and long-term price in 2024

In June 2025, the NEA released the *China Power Market Development Report 2024* (CHN: 2024年度中国电力市场发展报告). In 2024, 100% of China's coal power units, more than 50% of new energy units, and all industrial and commercial users have participated in the market. The national market-based electricity transaction accounted for 62.7% of the total electricity consumption. Inter-provincial and intra-provincial transactions increased by 19.8% and 5.4% year-on-year, respectively. The proportion of market-based transactions in the total new energy power generation reached 52.3%. Market participation continued to expand.

In terms of price, the average medium- and long-term price in 2024 was 0.231-0.505 RMB/kWh, 4.7% higher than the local coal power baseline price on average. Shanxi, Guangdong, Shandong and Gansu have launched the spot power market in 2024. Among them, the average day-ahead power prices and average real-time power prices in the latter three provinces were 9.8% to 22.7% and 2.6% to 24.1% lower than the local average medium- and long-term prices, respectively. The spot price is generally lower than the medium- and long-term price. The national ancillary service market reached a cost of RMB 40.25 billion, with peak-load shaving and frequency regulation accounting for 82% and 17%, respectively. The average apportioned cost on the power generation side was 0.0053 RMB/kWh, with wind and solar power accounting for 63% and coal power accounting for 24%; the average apportioned cost on the user side was 0.0008 RMB/kWh, all users shared for 2.8% of the total ancillary service cost in 2024.

Comparison of the average day-ahead power price, real-time power price and medium- and long-term price in the four provincial spot power markets in 2024



Source: NEA, June 2025

[8] "南方区域电力市场：正式转入！," China Energy News, 29 June 2025, accessed at https://baijiahao.baidu.com/s?id=1836192927595538005&wfr=spider&for=pc.

[9] Across the administrative regions of two major TSOs in China, i.e. the State Grid and China Southern Grid.

[10] "国家发展改革委 国家能源局关于跨电网经营区常态化电力交易机制方案的复函, 发改体改〔2025〕915号," National Development and Reform Commission, 11 July 2025, accessed at https://www.ndrc.gov.cn/xxgk/zcfb/tz/202507/t20250711_1399134_ext.html; "媒体报道 | 全国统一电力市场建设提速 国网南网实现跨区域交易," National Development and Reform Commission, 15 July 2025, accessed at https://m.thepaper.cn/newsDetail_forward_31183312.

[11] "国务院新闻办举行"高质量完成'十四五'规划"系列主题发布会 介绍"十四五"时期经济社会发展成就," State Council, 9 July 2025, accessed at https://www.gov.cn/lianbo/fabu/202507/content_7031379.htm.