New Development of Electric Power Enterprises Under Supply-side Reform

Yu-lin XIA and Yan ZHANG
The Engineering & Technical College of Chengdu University of Technology, Leshan City, Sichuan Province, China

Keywords: Supply side reform, Power enterprise.

Abstract. In order to adapt to the new normal needs of economic development in our country, the state puts forward the development strategy of supply side structural reform, which brings new development opportunities to the development of electric power enterprises. Based on the basic connotation of supply side reform, this paper analyzes the influence of supply side reform on electric power enterprises, and proposes that electric power enterprises should take the initiative to adapt to the new transformation of national development mode, actively participate in structural adjustment and reform of supply side and actively develop clean energy to achieve that electric energy can replace fossil energy, and to enhance enterprise management level and service level.

Introduction

The state has introduced that the “supply side structural reform” is development strategy to adapt to the new situation of economic development. Electric power enterprises should respond to the needs of national development strategies, actively push forward the supply side structural reform, adapt to the new normalization of economic development, and systematically promote the transformation of power enterprises and the development mode.

The Main Content of Supply Side Reform

The starting point of supply-side reform is to improve the supply quality, to promote structural adjustment through reform, to correct the distorted market elements, to expand effective supply, to reduce some ineffective supply, and to expand middle and high-end effective supply, so as to improve the flexibility and adaptability of the supply structure to demand change, to improve the total factor productivity of society to make the supply system adapt to requirements of changes in demand structure. At present, about the main direction of China’s supply side reform, on one hand, China’s supply side reform is mainly structural adjustment, including three aspects of system, elements and industry, and system reform, enhancement of technological innovation, and industrial structure optimization can offer better environment for supply benign cycle; On the other, China’s demand side regulation and the supply side reform are carried out at the same time, emphasizing the supply without denying the demand. At the same time, it needs the appropriate government regulation and control to drive the market demand.

The supply side reform is mainly carried out on the four main lines of capital, innovation, labor force and government, whose essence is to correctly handle the relationship between government and market, to ensure that the market can play a decisive role in the allocation of resources, and that government can be given full play. In general, the current market situation is that the traditional demand management cannot meet the needs of the development of the times, and therefore it is necessary to carry out supply side environment reform, and to continuously optimize the supply-side mechanism, because only through the supply environment reform, can the vitality of the existing economy be stimulated to the greatest extent, providing new impetus for long-term and stable development of China’s economy.
Analysis of the Impact of Supply Side Reform on Electric Power Enterprises

Supply Side Structural Reform Requires to Promote the Power System Reform

The power system reform is an important link in the supply side structural reform. Through the reform of the “three opening and one independence, one deepening and three strengthening”, the scientific and rational transmission and distribution price mechanism is established, and a “fair, open, orderly and competitive” power market system is constructed to restore commodity attributes of the power to guide the effective development and use of resources with price signals. At present, the power system reform emphasizes the adjustment of supply and demand, resource allocation and marketization, which is consistent with the connotation and requirements of the supply side structural reform.

At present, the “cost + revenue” mode implemented by the power enterprises has brought stable income sources to the enterprises. However, with the continuous marketization of the power market, the electricity supply side reform brings new adjustment to the electric power enterprises, so the electric power enterprises should carry out supply side structural adjustment to adapt to changes in market demand side, so as to bring more business opportunities for power companies.

Supply Side Structural Reform Requires to Implement the Green Development Concept

Good ecological environment is the basic guarantee of the supply side structural reform requirements, and also an important indicator of the evaluation of structural reform of supply side. Power companies should give full play to the guide and lead role to the electricity generation side and the user side. For the electricity generation side, it should promote clean energy development such as hydropower, new energy, nuclear power and wind power to provide strong grid support for clean energy. For electricity users side, it should actively promote that electricity energy replaces fossil fuels, and guide users to effectively save energy and improve energy efficiency to reduce social energy consumption.

The New Development of Electric Power Enterprises under Supply - Side Reform

Electric Power Enterprises Should Actively Participate in the Structural Adjustment and Reform of Supply Side

The fundamental purpose of supply side reform is to raise the level of social productive forces and implement the development thinking. Enterprises need to appropriately expand the aggregate demand and at the same time reduce capacity and inventory, and make up the short board, from the perspective of production, provide quality products or services to reduce the invalid supply and expand the effective supply, offer adaptability and flexibility of supply side structure, and improve total factor productivity, so that supply can better adapt to changes in demand structure.

China’s power industry is currently facing the situation of the overall surplus of power supply and demand and phased surplus of power generation capacity in some areas, bringing greater challenges to the power companies. Therefore, the power enterprises should mainly adapt to the new normal changes in economic development, take the initiative to participate in the structural reform of supply side, turn the focus of the development of electric power enterprises from mainly relying on scale expansion in the past to depending on innovation and deepening reform, to further improve the quality and efficiency of the power enterprise development to strive to promote the transformation of power enterprises and development patterns.

Actively Develop Clean Energy to Achieve that Electricity Energy Can Replace Fossil Energy

At present, in China’s energy structure, fossil energy accounts for the majority proportion in the primary energy consumption, so how to increase the proportion of non-fossil fuels in primary energy consumption to achieve goals of low-carbon, environmental protection, green and sustainable development in China’s economic development? To achieve these objectives, power companies especially the enterprises using coal to generate electricity, on the one hand, should gradually tighten control of fossil energy development and utilization, and through ways of closing,
stopping, merger and transformation to gradually reduce its proportion in primary energy consumption, on the other hand, electric power enterprises need to actively promote the development of a variety of clean energy.

The country should encourage more power companies to participate in hydropower, nuclear power, wind power, solar power generation and other projects. The hydropower, wind power and solar power have seasonal and periodic characteristics. At present, in many areas of China, there are many phenomena such as discarding water, abandoning wind and discarding light due to the difference of regulating ability of power grid enterprises, resulting in waste of project construction and resources. Therefore, the grid enterprises should arrange the construction and development of clean energy projects in accordance with the level of economic development in different regions according to the principles of paying equal attention to both the output and consumption in the localities and the centralized and distributed development. Electric power enterprises should strictly control the scale of newly started coal-fired power projects, continue to digest the excess capacity of the stage, and actively develop clean energy.

Enhance Enterprise Management and Service Levels

In order to adapt to the changes of supply side structural reform, power enterprises should change the management concept, transfer from the concept of planned economy to market economy concept. Innovate management system and mechanism, transfer gradually from the emphasis on the scale of development to emphasis on the quality of development, to comprehensively enhance the management level.

Power companies should enhance the level of service to society and users. Electric power enterprises should continuously improve the quality of power supply, improve power quality and efficiency, and provide superior and convenient services. Enterprises should adapt to the power market-oriented reform requirements, emphasize the sense of market competition, innovate services, create a new integrated intelligent interactive service platform to expand the comprehensive service to community and the users’ energy and other value-added services, actively learn telecommunications industry with successful market-oriented reform, and constantly expand new business and enhance customer service levels, thereby enhancing the economic and social benefits of enterprises. Therefore, the power companies should continuously optimize business processes, organize institutional restructuring, strengthen internal and external coordination, and make great efforts to the platform establishment to provide the society and users with more high-quality, efficient and convenient services, and to comprehensively enhance the service level.

Summary

In the new normal state of China’s economic development, development model of the power enterprise only by virtue of simple factors input in the past is not sustainable. Power enterprises must abandon the old concept, take advantage of national supply side reform to actively participate in structural adjustment and reform of the supply side, change the management concept, gradually reduce the proportion of fossil energy in primary energy consumption and promote development of the clean energy to achieve more opportunities for development.

Reference


