The electricity industry of China's Guangdong Province has been in a process of reforms since the 1980s. The reforms have so far greatly promoted the industry development, advancing the provincial electric power system to the largest in the country (Zeng, et al., 1999; Zhang, et al. 2001). Achievements notwithstanding, the industry is facing numerous difficulties that challenge both reform policy makers and academics. The province needs high speed capacity expansion and power imports in the foreseeable future to meet the continued demand surge. End-users in Guangdong are paying the highest tariffs in the nation. The technological structure of the existing generation capacity is highly undesirable because large number of tiny generating units and oil-fired capacity are adversely affecting economic and energy efficiencies of electric power supply.

Power generation is causing increasing environmental damages. However, the most challenging is probably the fact that there lacks an adequate mechanism to solve these problems and promote efficient and sustainable growth of the electric power industry. On one hand, reforms in the past twenty years not only have not fundamentally changed the traditional mode of central government planning of provincial electric power supply and development, but also have contributed to the evolving problems of the industry and showed their limitation. On the other hand, utility de-integration and market competition represents an attractive alternative to policy makers, but little is known of the reform roadmap and the potential impact.
This paper examines the utility market reform scenario in Guangdong Province and provides a basic quantitative assessment of the possible impact of the reform policy on electricity tariffs and system development.

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