

Electricity market policy compilation: Focus on national unified market construction

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As of March 2026, China has further improved the policy system for its power market, with the national unified power market construction entering a critical phase. Guided by the goal of carbon neutrality and the construction of a new energy system, a series of policies issued at the national level have clarified the direction of power market reform, focusing on optimizing market mechanisms, promoting renewable energy integration, and supporting industrial high-quality development. This news article compiles the core power market policies as of March 2026, focusing on the national top-level design, and analyzes their implications for China's energy transition and industrial support.¹

More importantly, these policies should not be understood merely as administrative adjustments to existing market rules. They indicate a deeper institutional transition in which China's power sector is moving from regionally fragmented, planning-oriented coordination toward a more integrated market-based allocation framework. This transition is particularly important because the large-scale integration of renewable energy requires not only physical grid expansion, but also price signals, settlement rules, ancillary service mechanisms, and cross-regional coordination arrangements that can reveal flexibility value and allocate system costs more efficiently.

NATIONAL-LEVEL POLICIES: TOP-LEVEL DESIGN FOR A UNIFIED POWER MARKET

Since 2025, the Chinese government has issued a series of key policies to improve the national unified power market system, forming a complete policy framework covering market structure, transaction mechanisms, and participant management. The significance of this policy framework lies in its attempt to align market design with the changing physical structure of the power system. As renewable energy becomes a major source of electricity supply, the traditional model of local balancing and administratively coordinated dispatch is increasingly insufficient. A unified market system is therefore expected to expand the spatial boundary of resource optimization, reduce interprovincial barriers, and allow surplus renewable generation, flexible demand, storage, and ancillary services to be valued within a broader trading framework.²

In February 2026, the General Office of the State Council issued the Opinions on Improving the National Unified Power Market System, which clarified the long-term goals of market construction: by 2030, basically establishing a national unified power market system, with all types of power sources and power users except guaranteed users directly participating in the market, and the proportion of market-oriented transaction electricity accounting for about 70% of total social electricity consumption; by 2035, fully completing the construction of the national unified power market system. This staged target also reflects a gradual shift in reform priorities: the 2030 objective focuses on broadening market participation and increasing transaction scale, while the 2035 objective points to deeper institutional maturity, including more consistent price formation, settlement, risk management, and coordination between medium- and long-term contracts, spot markets, ancillary services, and green power transactions. The document focuses on five key tasks, including promoting the optimal allocation of power resources nationwide, improving various functions of the power market, and encouraging equal participation of various market entities.

In April 2025, the National Development and Reform Commission (NDRC) and the National Energy Administration issued two key documents: the Basic Rules for the Power Auxiliary Service Market and a notice requiring all provinces to fully start the continuous settlement trial operation of the power

spot market by the end of 2025, which would end the pilot phase and realize full coverage of the spot market nationwide. Subsequently, in August 2025, the two departments issued the Basic Rules for Power Market Measurement and Settlement. At the end of 2025, they further issued the Basic Rules for the Medium and Long-Term Power Market, which revised and improved the transaction varieties, price mechanisms, and contract management, promoting the extension of medium and long-term transactions to longer and shorter cycles. These documents, together with the pilot rules for the spot market, formed the top-level design of the three major transaction varieties in the national unified power market. Together, these market segments are not independent policy tools, but mutually reinforcing mechanisms. Medium- and long-term contracts provide price stability and hedge investment risks; spot markets reveal short-term scarcity, congestion, and renewable variability; ancillary service markets compensate flexibility resources that support frequency control, ramping, reserve provision, and system reliability. The effectiveness of the national unified power market will therefore depend on whether these mechanisms can be coordinated rather than operated as isolated trading platforms. In addition, a notice on establishing a national unified power market evaluation system was also issued in December 2025, focusing on evaluating the operation effect of the power market, the role of the market, the sustainable development of market entities, and the degree of market competition.

POLICY FOCUS: COORDINATING RENEWABLE ENERGY DEVELOPMENT AND INDUSTRIAL SUPPORT

The power market policies compiled as of March 2026 all focus on the coordinated development of renewable energy and industrial support, forming a policy synergy. At the national level, policies clearly encourage new energy enterprises to participate in the market, promote the integrated participation of new energy bases in the market, and improve the consumption capacity of renewable energy. However, renewable energy integration is not only a question of increasing consumption capacity. It also requires a redistribution of system value and system costs. As renewable output becomes more volatile and location-dependent, market rules must determine who bears balancing costs, who is compensated for flexibility provision, and how environmental attributes are converted into tradable economic value. In this sense, the green power market and green certificate system are not only instruments for carbon accounting, but also mechanisms for connecting industrial decarbonization demand with renewable energy investment signals. The green power market is continuously improved, with the national unified green certificate market playing a key role in identifying the environmental attributes of renewable energy power, and a consumption system combining mandatory and voluntary consumption being established. These policies are conducive to reducing the long-term electricity costs of related industries, guiding market entities to optimize their operation strategies, improving the efficiency of power resource allocation, and further supporting the development of new energy vehicles, advanced manufacturing, logistics and other industries.

FUTURE OUTLOOK

Looking forward, with the in-depth implementation of various policies, China's power market will further optimize the transaction mechanism, enhance the flexibility of the power grid, and better adapt to the high proportion of renewable energy access. For market entities, they need to adapt to the market-oriented reform trend, strengthen risk management, and actively



adopt adaptive strategies such as long-term power purchase agreements and solar-storage integration. For the whole society, the improvement of the power market policy system will provide stable and low-cost electricity support for industrial upgrading and green transition and help China achieve its carbon neutrality goals at an early date.

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DECLARATION OF INTERESTS

The authors declare no competing interests.