Limited Powers for New Energy Regulator

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The new National Energy Administration has opened for business, but without much say over pricing and investment decisions.

By staff reporter Li Qiyan

China's new energy industry regulator – the National Energy Administration (NEA) – has officially started operations, according to the nation's top economic planner. But questions remain over the extent of its decision-making power in the critical energy sector.

The National Development and Reform Commission (NDRC) announced July 29 on its Web site that the State Council, China's cabinet, recently approved NEA's responsibilities, organization and staff quotas.

According to NDRC, the new regulator's major responsibilities include overseeing the oil, gas, coal and electric power industries. It will also draft industrial policies, supervise energy market development, and manage the renewable energy industry.

However, NEA will not have the final say on energy price adjustments, as the industry had expected. NDRC said energy product prices will be proposed by the new regulator but then submitted to the NDRC for final approval.

"It means decision rights over energy prices are still controlled by the NDRC," said Chen Wangxiang, deputy director of the Energy Research Center of China Investment Association.

The NDRC statement also said NEA has the power to approve major investments in overseas energy projects. But a source close to NDRC told Caijing that the economic planner may retain its authority over final decisions for major energy projects.

NEA opened for business with nine departments and 112 staff members. Zhang Baoguo, deputy director of NDRC, was appointed director and party chief.

A proposal for an energy administration first emerged in 2007. Creating the regulatory agency was seen as a step toward reforming State Council organs while strengthening management of the country's energy sector, NDRC said.

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