

China to trial energy-saving electricity price scheme

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A man walks beneath power lines in Beijing. China said Thursday that from next month people who use a lot of electricity will have to pay more under a trial scheme aimed at encouraging consumers to save energy.

China said Thursday that from next month people who use a lot of electricity will have to pay more under a trial scheme aimed at encouraging consumers to save energy.

The National Development and Reform Commission, the government planner, announced that it would launch a trial, multi-tier pricing system on July 1 for residential users across China -- the world's biggest energy consumer.

"It is hoped residents will appropriately adjust use of power to reduce their expenditure and conserve national resources," it said in a statement

posted on its website.

Under the scheme -- which the government body first suggested nearly three years ago -- residents who use electricity will be divided into three tiers.

Power rates for the first group -- estimated to encompass 80 percent of China's [households](#) -- will remain the same.

Users in the second tier, accounting for 15 percent of users, and the third tier -- the remaining top five percent -- will pay more.

The statement did not say how high [electricity consumption](#) would have to be to qualify for each category, nor what the price hikes will be. China's power rates vary from place to place.

But state radio has said that second-tier users will pay an additional 0.05 yuan (\$0.01) per [kilowatt hour](#) and the highest consumers will be charged 0.30 yuan (\$0.05) more.

The commission said it would try to take differences in household demographics, seasons and regions into account when setting prices.

Power producers complain that China's state-set [electricity prices](#) are too low, putting pressure on their profits when [fuel prices](#) are high.

But the government is wary of giving up control of utility prices, amid fears higher costs could spur social unrest.

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