**China's 2021 Power Crisis**

Chinese provinces had been struggling with power outages since the end of 2020, and in September-October 2021 the country faced widespread power outages. Analysis of statistical indicators, official documents, statements of the government officials, and publications in the media allows us to identify 5 main groups of factors that led to electricity supply disruptions:

1. coal production decline and coal price hikes;

2. pricing mechanism for thermal power plants that didn’t reflect the real costs of power generation;

3. temperature fluctuations in winter, summer, and early autumn that had an impact on the reduction of power generation of renewables (including hydropower plants) and the growth of electricity consumption for air conditioning and heating;

4. implementation of the "dual control" policy by the local authorities, as well as their role in the slow development of interprovincial and interregional dynamic flows of electricity;

5. growth of export and industrial output.

Anti-crisis measures addressed some of these issues. Most importantly central government allowed an increase in coal production and adjusted the pricing mechanism for coal-fired power plants. In the short and medium-term, the situation has been eased. However, in the long term, there are still risks of similar power supply disruptions in the future. The share of renewables in China’s power generation is growing; residential consumption of electricity keeps rising due to per capita income growth; meanwhile, coal prices are determined by the market and characterized by fluctuations while thermal power tariffs' fluctuations are limited. In addition, electric vehicle transport is on the rise in China. Taking all this into consideration China needs to develop a far more flexible power supply system that will be able to adapt to fluctuations of power generation and consumption. This requires both technological and institutional changes. On the one hand, China needs to further diversify its power generation, keep promoting energy-saving, introduce electricity storage systems and carbon capture, utilization and storage technologies. On the other hand, it is important to introduce a full-fledged market-based electricity pricing mechanism and a flexible system of electricity trade between provinces and regions of the PRC.