OVERSEAS BULLETIN
Total to boost R&D in China

POLICY:
Renewable energy sector gets a big push

STATISTICS:
China’s Feb net oil imports fall to two-year low

ANALYSIS:
Oil firms expect more profits in 2009
CONTENTS

OVERSEAS BULLETIN

Westinghouse helps develop China’s nuclear sector ................................................................. 1
Goteborg Energi expresses interest in China ........................................................................... 1
GE inks $128m deal with Chinese power plants ..................................................................... 1
Total to boost R&D in China ..................................................................................................... 2
China may start piping in Myanmar gas in 2013 .................................................................... 2
Qatar may invest in China petrochemical plants ..................................................................... 3
China Resources Gas mainland arm earns HK$302m in 2008 ................................................ 3
SUFA in nuclear venture with US Flowserve ........................................................................ 4
Schneider confirms energy commitment to China ................................................................. 4
GCL ramping up output despite solar slump ......................................................................... 4
Towngas 2008 profit falls 54%, mainland income rises .......................................................... 5
Meiya Power slow expansion plans as demand declines ...................................................... 5
Indonesia’s KPC agrees first major China coal deal ............................................................... 6
China EnerSave Chinese unit defaulted $131.6m bank loans .............................................. 6
CNPC Hong Kong profit rises as oil price boosts sales ......................................................... 7
Scottish & Southern says Chinese wind parks ‘low priority’ .................................................. 7
CNPC, Rosneft plan to expand oil-refinery venture in China by 50% .................................... 7

COAL & ELECTRICITY

China National Coal Group aims to double profit in 5 years .................................................. 9
China Power to inject hydro projects into listed unit ............................................................ 9
Gezhouba wins 1.14b yuan hydropower contract .................................................................. 9
SDIC Huajing plans share placement ...................................................................................... 10
China Power Investment Corp plans whole listing ................................................................ 10
Power firms bleed on high coal rates .................................................................................... 11
CNEEC wins $580m Philippine power plant order ............................................................... 11
Shenhua to pour 200b yuan into Shaanxi ................................................................................. 11
Huaneng plans to cut expenditure .......................................................................................... 12
China Southern Power Grid plans for listing ......................................................................... 12
Huaneng Group gets 680m-yuan loan for acquisition ............................................................ 12
Guangdong Electric Power to buy into Yudean Jinghai .......................................................... 12
New coalfield discovered in Shandong .................................................................................... 13
Southern Grid powers up with additional investment .......................................................... 13
Hainan linked to national power grid by underwater cable .................................................... 13
China Coal’s 2008 production cost jumps 21% .....................................................................................................18
Datang inks no coal deals .........................................................................................................................................18
China Resources, Shenhua coal price not set ........................................................................................................18
CNPC sees lower crude output in 2009 as demand weakens.................................................................................23
CNPC plans to buy Canadian oil firm ...................................................................................................................22
China plans oil refinery in Tianjin with Russia .........................................................................................................21
Major oilfield found in Inner Mongolia ....................................................................................................................19
Oil & Gas
Sinopec to boost diesel exports .............................................................................................................................21
CNPC sees lower crude output in 2009 as demand weakens.................................................................................23
CNPC to cut oil, gas lifting costs, project spending .................................................................................................23
Sinopec parent increases research spending to upgrade refining ...........................................................................23
Sinopec to hike oil stockpile this year ....................................................................................................................23
China Shipping, CNPC announce LNG venture .......................................................................................................24
CNPC starts oilfield project in Iraq ..........................................................................................................................24
PetroChina’s Sichuan link to restart after fuel leak .................................................................................................24
PetroChina to start up first LNG terminal in 2011 ......................................................................................................25
PetroChina, Venezuela to build Guangdong oil refinery ...........................................................................................25
Libya may prevent CNPC from buying Verenex ........................................................................................................26
PetroChina to supply more jet fuel to home market ..................................................................................................26
Dalian Port, PetroChina to form $380m LNG JV ........................................................................................................27
China Oilfield Services aims to boost revenue abroad ..............................................................................................27
China oil firms to issue 30b yuan 3-year bills ..........................................................................................................27
PetroChina Xinjiang to boost oil storage by 60% .......................................................................................................27
PetroChina starts work on refinery pipeline in southwest .........................................................................................28
Oil giants confident about performance ..................................................................................................................28
PetroChina issues 15b yuan in notes ........................................................................................................................28
PetroChina in talks on overseas projects . ................................................................................................................28

OIL & GAS

Major oilfield found in Inner Mongolia ................................................................. 19
Oil prices discourage smuggling.............................................................................. 19
CNPC’s overseas expansion proved successful ....................................................... 20
Sinopec to boost diesel exports ................................................................................. 21
China plans oil refinery in Tianjin with Russia ........................................................ 21
CNPC plans to buy Canadian oil firm ........................................................................ 22
CNPC sees lower crude output in 2009 as demand weakens.................................. 23
CNPC to cut oil, gas lifting costs, project spending .................................................. 23
Sinopec parent increases research spending to upgrade refining ......................... 23
Sinopec to hike oil stockpile this year ........................................................................ 23
China Shipping, CNPC announce LNG venture ........................................................ 24
CNPC starts oilfield project in Iraq ............................................................................. 24
PetroChina’s Sichuan link to restart after fuel leak .................................................... 24
PetroChina to start up first LNG terminal in 2011 .................................................... 25
PetroChina, Venezuela to build Guangdong oil refinery ............................................. 25
Libya may prevent CNPC from buying Verenex ....................................................... 26
PetroChina to supply more jet fuel to home market ................................................ 26
Dalian Port, PetroChina to form $380m LNG JV ...................................................... 27
China Oilfield Services aims to boost revenue abroad ............................................. 27
China oil firms to issue 30b yuan 3-year bills ........................................................ 27
PetroChina Xinjiang to boost oil storage by 60% ....................................................... 27
PetroChina starts work on refinery pipeline in southwest ....................................... 28
Oil giants confident about performance ................................................................. 28
PetroChina issues 15b yuan in notes ........................................................................ 28
PetroChina in talks on overseas projects . ............................................................... 28

Huaneng parent ends 7 months of losses as costs drop ........................................ 14
Puda Coal gets new COO .......................................................................................... 14
State Grid seeking approval for 170b yuan in bonds ................................................ 14
Shenhua Energy’s 2009 coal output may grow 8% .................................................... 14
New coalfield found in Xinjiang .............................................................................. 15
Shenzhen Energy gets 30b yuan credit line ............................................................. 15
China Datang gets nod for coal-mining business ..................................................... 15
China Coal Energy suspends $2.5b project on weak demand ................................ 16
China Shenhua cuts 2009 capex by 16% ................................................................. 16
Shenhua among 10 bidders for Mongolia’s Tavan Tolgoi mine ............................... 17
Shenhua may see record profit as China stimulus boosts coal use ......................... 17
China Coal Group says to invest $15b in Xinjiang ................................................... 18
China Resources, Shenhua coal price not set ......................................................... 18
Datang inks no coal deals ....................................................................................... 18
China Coal’s 2008 production cost jumps 21% ....................................................... 18

OIL & GAS
PetroChina sees ‘most challenging’ year as net slumps .............................................................. 29
Sinopec boosts Tahe field’s crude output by 7.6% ........................................................................ 29
PetroChina seeks nod for 100b yuan bond .................................................................................. 30
Sinopec says needs ‘large amount of money’ to boost reserves .................................................. 30
Sinopec targets Africa, Latin America for projects ...................................................................... 30
Sinopec to delay refining, chemical projects on weak demand .................................................. 31
CNPC to invest in coal-bed methane ............................................................................................. 31
Sinopec wins order to build oil, gas rigs in Kuwait ....................................................................... 31
PetroChina’s Lanzhou-Zhengzhou oil pipeline in operation ......................................................... 32

NEW ENERGY

Power companies attracted by clean, green nuclear .................................................................... 33
Expert warns of nuclear talents vacuum .......................................................................................... 34
Huadian to expand wind power production capacity .................................................................. 34
Dragon Power plans 10 new biomass power plants .................................................................... 35
Sany plans entry into nuclear power .............................................................................................. 35
China Energy Recovery announces progress on patent application .............................................. 35
Apollo Solar appoints new directors ............................................................................................. 36
China Solar & Clean Energy Solutions announces new CFO ....................................................... 36
China Bio Energy to present at International PIPEs Conference ............................................... 36
Sheneyin upgrades Shanxi Guoyang to ‘outperform’ from ‘neutral’ ............................................... 37
China plans to build solar power plant in western desert town ...................................................... 37
Sunergy signs photovoltaic products deal .................................................................................... 37
Guangdong Nuclear to explore uranium overseas ........................................................................ 37
GD Power to spend 660m yuan for alternative energy ................................................................ 37
China plans $7.32b nuclear plant in Guangdong .......................................................................... 38
Powering wind power .................................................................................................................... 38
Solarfun Power appoints new president ........................................................................................ 39
China Solar plans second listing in 2009 ...................................................................................... 39

FOCUS ON CNOOC

CNOOC starts building chemical complex in Hainan ................................................................ 41
CNOOC to invest 300b yuan in Guangdong .................................................................................. 41
CNOOC refinery to start operation later this month ..................................................................... 42
CNOOC sets up Doha office ......................................................................................................... 42
CNOOC profitable with oil at $40 .................................................................................................. 42
CNOOC to raise $11.7b in debt financing ..................................................................................... 43
CNOOC starts new Bohai field production ................................................................................... 43
CNOOC to cut non-core spending as profit drops ....................................................................... 43
CNOOC starts production at offshore gas field ............................................................................. 44
CNOOC starts Huizhou refinery. ..............................................................................................................................44
CNOOC discovers two new oilfields in Bohai Bay ...............................................................................................45
CNOOC appoints CFO Yang Hua president, replacing Zhou .................................................................................45
CNOOC net rises on higher prices ........................................................................................................................46
CNOOC to cut costs, boost oil output to survive ‘severe winter’ .........................................................................46
CNOOC contests Nigerian tax office on OML130 tax filings ..............................................................................47

**FOCUS ON NPC & CPPCC**

Capital injection for Sichuan power grid ‘insufficient’ ..........................................................................................49
Green fuel policy proposed during the ‘two sessions’ ............................................................................................49
Power use decrease slows in first two months .................................................................................................49
Environment watchdog calls off disputed power plant ....................................................................................50
New energy should be given ‘top priority’ ........................................................................................................50

**ENERGY & ENVIRONMENT**

Beijing to build more efficient heating facilities ...............................................................................................53
China designates 32 more cities as resource-scarce ..........................................................................................53
Sino-US talks turning to action ..........................................................................................................................53
Pollution levels, energy use drop ........................................................................................................................54
New kangs conserve energy ..............................................................................................................................55
State Grid issues CSR guidelines ........................................................................................................................56
Dongguan leads with new LED lamp, in effort to cut power use .......................................................................56
Norway to buy carbon credits from Shenhua Group ..............................................................................................58
China passes 500 mark for UN clean energy projects ......................................................................................58

**POLICY**

China to bolster oil reserves .................................................................................................................................59
40 projects under China’s petrochemical stimulus package ..................................................................................60
Flexible energy charges to help aluminum industry ...........................................................................................60
China to consolidate refining sector ...................................................................................................................60
China to further reform power pricing system ....................................................................................................61
China to boost Russia energy links ......................................................................................................................61
Crude oil reserve base likely in Gansu ...................................................................................................................62
Wen: Energy agreement with Kazakhstan likely ...................................................................................................62
Private refiners likely to join oil reserve plan .......................................................................................................62
Renewable energy sector gets a big push ............................................................................................................63
China welcomes new energy cooperation with multinationals .......................................................... 63
Power tariff curbs .................................................................................................................................. 63
Shanxi to freeze coal output capacity expansion ................................................................................. 64
Russia may close China oil loans deal in month .................................................................................. 64
China raises gasoline, diesel prices ........................................................................................................ 65
China to have electricity surplus in most regions this year ................................................................. 65
China launches new solar subsidies ...................................................................................................... 65
Shanxi to halve its coalmines .................................................................................................................. 65

ANALYSIS

Chinese economy could expand in cost-effective manner ................................................................. 67
Oil firms expect more profits in 2009 ................................................................................................ 67
Time to shop for energy assets .............................................................................................................. 68
Falling power demand shows slow economic recovery .................................................................... 68
China’s oil imports limited by storage capacity .................................................................................. 69
China oil reserve full, sea storage needed ............................................................................................. 70
No big fluctuations likely in crude prices this year ............................................................................... 70
Price cut for oil products likely ............................................................................................................ 70
Gas price hike on cards .......................................................................................................................... 71
Sinopec’s 2009 profit may double on pricing changes ...................................................................... 72
Oil majors may report poor earnings .................................................................................................. 73
Fuel price hike drives up stockpile ....................................................................................................... 73
Oil executive sheds light on fuel pricing rules ..................................................................................... 74
New oil pricing mechanism better reflects market changes ............................................................... 74

STATISTICS

China’s newly proven coal reserves fall 43% ....................................................................................... 75
China Shenhua says 2008 net profit up 30% ....................................................................................... 75
China Resources Power Feb sales rise 17% ....................................................................................... 75
Qianyuan Power posts 766% rise in earnings ................................................................................... 75
China’s Feb net oil imports fall to two-year low ................................................................................... 76
China cuts oil exploration investment ............................................................................................... 77
Xishan Coal net profits surge 171% ................................................................................................... 77
China Coal’s output rises 0.4% in first two months ............................................................................ 78
China’s retail oil sales growth slows on weak demand ..................................................................... 78
Shenhua Energy’s Feb coal sales fall on demand .............................................................................. 78
Huajing Power FY earnings fall 77% ................................................................................................. 79
Sinopec Anhui refinery’s diesel sales slump 20% ............................................................................ 79
Sinopec Maoming, Yanshan post profit on fuel sales ................................................................. 80
China’s net coal imports jump on overseas purchase ................................................................. 80
China Sunergy’s loss widens on inventory ........................................................................ 80
National power output recovers ............................................................................................ 81
Daqing Oilfield output totals 2 billion tons ....................................................................... 81
China’s LNG imports more than double last month ............................................................. 81
Sinopec Group Q1 performance ‘better than expected’ ......................................................... 81
PetroChina hit by refining loss ............................................................................................... 82
Solarfun posts Q4 loss on inventory cost ............................................................................. 82
PetroChina overseas oil/gas output up 50% last year .......................................................... 83
China has spent $26.5b on Three Gorges project ................................................................. 83
Uniper exports 94,967 tons of fuel in Feb ................................................................. 84
GD Power Development 2008 profit falls 90% ................................................................. 84
Shenhua Energy 2008 net rises 29% to record prices ......................................................... 84
Sinopec Shanghai loses 6.24b yuan in 2008 ...................................................................... 85
Sinopec 2008 net profit falls 47% on fuel price curbs ......................................................... 85
China oil refiners swung to profit in first 2 months ............................................................ 86
China Coal Energy 2008 profit up 17.7% ........................................................................ 86
Huaneng Power posts 2008 loss on higher costs .............................................................. 87
Datang Power 2008 profit drops 79% as coal costs rise ..................................................... 87
Westinghouse helps develop China’s nuclear sector

(2009-03-02)

China finalized an agreement with Westinghouse, a US-based nuclear power company, two years ago, under which it would use the US company's AP1000 technology to build two nuclear power plants with four reactors in Zhejiang and Shandong provinces. The agreement, the first example of large-scale Sino-US nuclear cooperation, is estimated worth $8 billion.

Westinghouse's AP1000 third-generation nuclear power technology is seen as the most advanced in the field at the moment. The two nuclear power plants are also the company's first major projects in China.

"Everything is going smoothly with the two plants," said Liu Xingang, vice-president of Westinghouse. "We will start construction of the Sanmen plant in Zhejiang in March, and later begin building the Haiyang plant in Shandong."

Zhang Guobao, vice-minister of the National Development and Reform Commission, said earlier that China would start construction of four nuclear power plants this year. The Sanmen and Haiyang plants are included in the plan.

The Sanmen nuclear power plant, which has two reactors, each with a capacity of 1,000 mW, will become the world's first plant using Westinghouse’s third-generation nuclear power technology, said Liu. "We are fully confident of making it a model project," he said.

According to Westinghouse, the design of the AP1000, a pressurized water reactor, has three main advantages - safety, economic competitiveness and greater efficiency. Construction of the two reactors, each with a capacity of 1,700 mW, will begin in the fall of 2009. They are expected to begin operations in 2014, according to sources close to the deal.

Goteborg Energi expresses interest in China

(2009-03-02)

"In the big cities of the world, like those in China, we can really make a difference and change the way we affect the environment," said Goteborg Energi CEO Anders Hedenstedt.

As the fourth-largest energy company in Sweden and one of the largest in the western hemisphere, Goteborg Energi has developed ways to recycle its "waste" energy and distribute them to other companies and industries.

As a producer, vendor and distributor of heating gas and electricity, Goteborg Energi handles and uses a massive amount of fuel for its core business and other activities, which include telecoms.

"The environment is part of the culture of Goteborg Energi. It's not just something written on paper," Hedenstedt said.

GE inks $128m deal with Chinese power plants

(2009-03-03)

GE Energy on Tuesday said it has signed service and maintenance agreements totaling $128 million for two power plants in China's Zhejiang and Fujian provinces.

GE Energy will provide inspection and services for two gas turbines at Zhejiang Zheneng Zhenhai Power Plant in Ningbo. The plant, which is the biggest gas turbine combined cycle plant in Zhejiang province, has an electricity output of 795.6 mW.
The company also signed a long-term contractual service agreement with Fujian Refining & Petrochemical Company to handle all parts, repairs and service for two turbines at the company's site in Quanzhou, Fujian province.

GE Energy currently has six manufacturing sites in China, based in Shenyang, Shanghai, Qinhuangdao and Hangzhou.

**Total to boost R&D in China**

(2009-03-09)

French oil and gas producer Total has signed two memoranda of understanding with China University of Petroleum and East China University of Science and Technology to enhance scientific cooperation and build wide-ranging partnerships.

The company has also launched the Total China scientific forum in Shanghai. This first session of the forum focused on CO2 capture, conversion and storage (CCS) technology.

Advanced CCS technology will be increasingly prevalent and will be particularly significant in oil & gas exploration and production, coal to liquid projects and thermal power plants where CO2 is highly concentrated, said Jean-Francois Minster, Total's senior vice-president for scientific development.

"CCS technology is expected to play a valuable role in helping China to reduce its CO2 emissions while at the same time satisfying its energy demands," Minster said. "There is a vibrant Chinese R&D sector in most of the fields of interest to Total. We want to be part of it."

The company is also accelerating its R&D cooperation with China's leading oil companies such as PetroChina and Sinopec. For instance, the company is conducting R&D work with PetroChina on the development of the Sulige natural gas field in Inner Mongolia.

**China may start piping in Myanmar gas in 2013**

(2009-03-10)

China, the world's second-biggest energy consumer, may start receiving natural gas from Myanmar's Shwe project through a cross-border pipeline in April 2013.

China will import 400 million cubic feet of gas a day from Myanmar's offshore fields, U Aung Htoo, director of planning at state-run Myanmar Oil and Gas Enterprise, said in Seoul today.

A group led by Daewoo International Corp signed an agreement in December to sell gas from Myanmar to China National Petroleum Corp. The group, which includes Myanmar Oil & Gas Enterprise, India's Oil & Natural Gas Corp, GAIL India Ltd and Korea Gas Corp, will supply the fuel to China's biggest oil company for 30 years.

China and Myanmar are still in talks on how the gas link is to be built and how construction costs may be split, Aung Htoo said. China shares with Myanmar a mountainous land border of 2,185 kilometers (1,355 miles).

Prices will be negotiated with China on a quarterly basis to reflect global market conditions, Daewoo International said in December. The Shwe, Shwe-Phyu, and Mya areas in the A-1 and A-3 blocks are estimated to hold between 4.5 trillion and 7.7 trillion cubic feet of gas in total, according to the Seoul-based company.

Daewoo International has a 51 percent stake in the fields while Myanmar Oil and Gas Enterprise has a 15 percent share. Oil & National Gas owns 17 percent, GAIL India 8.5 percent and Korea Gas 8.5 percent.
Qatar may invest in China petrochemical plants

(2009-03-10)

Qatar, the world's largest exporter of liquefied natural gas (LNG), may use the proceeds from sales to invest in petrochemical plants in China and is evaluating three projects there, an official with the state-run oil company said.

The Gulf emirate may invest in a 20 million-ton-a-year petrochemical and refinery complex in Shanghai in a joint venture with Royal Dutch Shell Plc and PetroChina Co, said Mohamad Al-Hitmi, executive director for gas and power at Qatar Petroleum International, in Doha today.

The state is evaluating another two petrochemical projects in China that are in preliminary stages and would seek to participate in them through QPI, the investment arm of the state-run Qatar Petroleum, Al-Hitmi said.

"We are looking at projects that are in the pre-design and pre-feasibility stages," Al-Hitmi said. Qatar is looking mainly at new facilities and may also buy plants that are in operation. Qatar would prefer to invest in petrochemical complexes since it's harder to make a profit at refinery-only operations, he said.

Qatar and its potential partners may begin engineering and design study for the Shanghai project next year, Al-Hitmi said. The complex would have a total capacity of about 400,000 barrels of oil equivalent a day, with the ability to process 250,000 barrels of crude a day, he said.

Qatar's investment in the project would be in the "billions" of dollars, Al-Hitmi said. QPI is well-placed to invest as it has funding available and also because of its past experience in gas, he added.

Shell already has a petrochemical plant in China. The company together with China National Offshore Oil Corp, China's largest offshore oil producer, invested $4.3 billion in a petrochemical complex in Daya Bay, Guangdong, which was started up in early 2006.

China Resources Gas mainland arm earns HK$302m in 2008

(2009-03-16)

China Resources Gas Group Ltd, a Hong Kong-based semiconductor maker turned gas distributor, said its gas distribution operations in the Chinese mainland produced profit of HK$302 million last year, compared with HK$167 million the year before.

The group posted a 41 percent decline in 2008 profit because of losses recorded by its former electronics and building material operations. Net income was HK$236.8 million ($30.5 million), compared with HK$399.5 million a year earlier, the company said in a statement to the Hong Kong stock exchange today.

China Resources Gas, the mainland arm, bought seven distribution businesses from its parent and has since added nine more, including companies that supply homes in the cities of Wuhan and Kunming.

The company and its parent are considering buying stakes in 15 more projects, said Managing Director Wang Chuandong. "Our company is expanding very fast in China and the government is encouraging the use of gas, which makes us very positive about our business prospects," said Wang.
SUFA in nuclear venture with US Flowserve

SUFA Technology Industry Co, a top Chinese valve maker, said on Saturday it would establish a venture with US firm Flowserve Corp to make valves for China's growing nuclear power industry.

The venture, based in the eastern Chinese city of Suzhou, would be owned 51 percent by SUFA and 49 percent by the US company, and involve an investment of $25 million.

SUFA is a subsidiary of State-run China National Nuclear Corp, the country's biggest owner of nuclear power plants and a developer of nuclear technology. China has a nuclear generating capacity of 9.07 GW and aims for 60 GW by 2020.

Schneider confirms energy commitment to China

"We see great potential for power management in China's building and automation markets during 2009. These are sectors that we can provide energy efficient solutions for," said Guy Dufraisse, Schneider Electric's China president at the global energy management company's conference and trade show.

The event, which opened late last month, gave its 3,000 visitors the chance to learn more about Schneider Electric's energy efficient solutions through its 70 seminars, 100 information booths and three demo centers, all of which were spread over 4,000 square meters of floor space.

The company cited the 100 solutions and 300 enabling products on display during the course of the event as proof of its continuing success. A number of the products on show, according to the company, can reduce energy consumption by up to 30 percent in five principal markets: energy and infrastructure, industry, data centers and networks, buildings and residential markets.

Last year, the company generated revenue of 3.4 billion euros in the Asia-Pacific region. During the period of 2005-2008, Schneider Electric boosted its business by an annual increment of around 10 percent each year, well ahead of the growth of most companies in the sector.

GCL ramping up output despite solar slump

GCL Silicon Technology Holdings, China's largest maker of polysilicon used in solar panels, plans to ramp up production this year despite China's slowing economy and falling prices as the financial crisis dampens global demand.

"I see huge growth in the solar industry and demand for solar power in China will continue so long as solar is cost-competitive," said Hunter Jiang, chief executive of GCL.

Hong Kong-based GCL plans to increase polysilicon production this year to 13,500 tons from 3,000 now, and plans to nearly double that in 2010 as Chinese demand remains resilient despite a glut in the world market.

GCL supplies 90 percent of its production to local panel makers and counts Suntech Power Holdings and JA Solar Holdings among its biggest clients.
Spot prices of polysilicon collapsed from a high of $400 a kilogram in 2008 to around $110 now. Jiang expects that to fall a further 20 percent to $80 a kilogram this year. But GCL plans to take advantage of weak polysilicon prices to gain market share by cutting production costs to muscle out competitors.

"We have the scale and execution abilities to ramp up our facilities, and we are now the largest and the most cost-competitive in China," said Jiang. "We can drive away competition that is not cost-competitive," he said.

GCL also plans to build its own solar power plant in the next three years to meet an expected surge in demand for solar energy in the mainland. Building one megawatt of solar generating capacity costs roughly $3-$5 million.

"We plan to bid for government solar projects. Government usually buys the electricity from solar power plants," Jiang said.

Jiang expects demand for solar energy in China to grow to about two to three gigawatts by 2015 from less than 200 megawatts installed or under construction.

Towngas 2008 profit falls 54%, mainland income rises

Hong Kong & China Gas Co, the piped gas supplier controlled by billionaire Lee Shau-kee, posted a smaller-than-expected decline in profit last year, helped by growth from its businesses on the mainland.

Net income dropped 54 percent to HK$4.3 billion ($555 million), the company, also known as Towngas, said in a statement to the Hong Kong stock exchange today. That's better than a median estimate of HK$3.8 billion forecast by analysts.

Earnings from the Chinese mainland businesses rose 64 percent and now represent 24 percent of the overall group earnings, said Simon Powell, an analyst at CLSA Ltd.

Towngas China Co, a unit of Towngas, posted a 40 percent increase in 2008 profit yesterday because of higher sales in the mainland. Net income rose to HK$202 million from HK$144 million a year earlier, the company said.

"Towngas China will continue to strive for rapid expansion through mergers and acquisitions," the company said in the statement. "In addition to scaling up its market share in northeastern China and Sichuan province, Towngas China is looking to move to other regions."

Revenue in Hong Kong fell 22 percent last year to HK$9.2 billion while sales in the Chinese mainland rose 25 percent to HK$3.11 billion.

Towngas plans to add about 20 urban gas projects in China by 2010 through acquisitions and joint ventures, vice-president of business, David Wang, said last year.

Meiya Power slow expansion plans as demand declines

Meiya Power Co, a Hong Kong-based power generator, is slowing expansion as the global recession reduces electricity demand, said Chief Financial Officer James Dubow.

"Development has slowed down recently" because of changes in the market, Dubow said in Shanghai today.
Meiya Power, which has plants in the Chinese mainland, Taiwan and South Korea, had planned to double capacity to more than 6,000 megawatts in three years through 2010 to take advantage of rising electricity demand particularly in the Chinese mainland. Power demand in the mainland fell in October, the first time in three years, after the world's third-largest economy entered into the steepest slowdown in almost two decades.

"We have some capital available and we are going to be more choosy and selective on which projects we do," Dubow said. The utility will focus on acquisitions and so-called brown-field power plants, or existing projects, instead of green-field stations as the latter are more capital intensive, he said.

The utility aims to double its profit this year, helped by tariff increases and falling fuel costs, he said. The company's gas and hydro power plants had "healthy profits" in 2008 while the coal unit's profitability was down in line with the industry, Dubow said. "Overall the company's profitability metrics significantly outperformed our peers."

China increased power prices twice last year to offset rising coal costs, which will benefit domestic electricity producers.

**Indonesia’s KPC agrees first major China coal deal**

(2009-03-24)

Indonesian miner PT Kaltim Prima Coal (KPC) last week agreed on its first major long-term deal to sell thermal coal to China, with one million tons to be shipped in the first year, a top company official said on Tuesday.

"It is a long-term deal of supplying coal up to five years. In the first year we'll be supplying one million tons, in the second year it will rise to two million tons and will go up to five million tons," Evan Ball, director of KPC, said on the sidelines of a mining conference in Singapore. And prices will be in line with current spot market prices.

KPC is a unit of the country's biggest miner, PT Bumi Resources Tbk. It produced nearly 40 million tons in 2007, about a fifth of Indonesia's total output.

Indonesia's coal exports have surged over the past few years, making it the world's biggest seller of thermal coal and forcing miners to seek new markets including China, the world's biggest consumer and producer of coal, which is on the cusp of becoming a permanent importer of the power plant fuel as well.

China imported over 11.5 million tons of Indonesian coal last year, accounting for more than a quarter of its total.

**China EnerSave Chinese unit defaulted $131.6m bank loans**

(2009-03-24)

The Chinese arm of China EnerSave Ltd, a Singapore-based renewable energy company, has defaulted on 898.8 million yuan ($131.6 million) of bank loans, while the company didn't repay a $20 million debt due on Jan 30.

China EnerSave Ltd is seeking a six-month standstill in the repayment of bank loans and interest after it defaulted on some credit facilities.

The company's ability to continue as a "going concern" will partly depend on the banks' agreement to the standstill, Chang Fook Kay, a partner at accounting and auditing firm Mazars LLP, said in a statement to the Singapore exchange. Several lenders are seeking immediate repayment of debt, he said.
China EnerSave failed to comply with some agreements on credit facilities with convertible bondholders, a report from its auditor said.

**CNPC Hong Kong profit rises as oil price boosts sales**

(CNPC Hong Kong Ltd, a unit of China’s biggest oil producer, posted a 69 percent rise in profit last year as record oil prices increased revenue.

Net income at the oil and gas explorer climbed to HK$3.32 billion (US$428 million), or HK$68.99 a share, from a restated HK$1.96 billion, or HK$40.04 a share, a year earlier, the company said in a statement to the Hong Kong stock exchange today. Sales rose 36 percent to HK$5.21 billion, it said.

Crude touched a record $147.27 a barrel in New York on July 11, boosting the value of fuel CNPC Hong Kong pumps at 11 oilfields in China, Kazakhstan, Thailand, Peru, Oman, Indonesia and Azerbaijan.

"In 2008 each oilfield underwent comprehensive exploration and development, seeking to increase reserves and production volume in light of high oil prices," according to the statement. Investment in gas distribution businesses in the Chinese mainland will continue this year, it said, without giving details.

CNPC Hong Kong forecasts it will double profit and assets within the next five years by buying gas distribution projects from its parent company, China National Petroleum Corp, said the company’s chairman Li Hualin.

**Scottish & Southern says Chinese wind parks ‘low priority’**

(Scottish & Southern Energy Plc, the UK’s second-biggest power producer, said developing wind parks in China will be a "lower priority for the foreseeable future," in a presentation posted on its website today.

The Perth, Scotland-based utility acquired development projects in China as part of its 1.83 billion euro ($2.5 billion) purchase of Airtricity in January 2008 and Chief Executive Officer described the projects as a "nice little extra." It didn’t attribute value to them in its valuation of the Irish renewable-energy developer.

Scottish & Southern said in September 2007 it would buy emissions credits from China for use in the European Union’s greenhouse-gas trading program by supporting GD Power Development Co’s construction of four wind farms.

**CNPC, Rosneft plan to expand oil-refinery venture in China by 50%**

(China National Petroleum Corp (CNPC), the country’s biggest oil producer, and OAO Rosneft plan to expand a joint venture refinery in northern China by 50 percent, company officials said.

The plan to increase the capacity of the proposed project in Tianjin to 300,000 barrels a day from 200,000 barrels may be submitted to the government for approval in the second half, a China National official involved in the discussions said. Rosneft is working on the feasibility study, spokesman Nikolai Manvelov said in Moscow today.
Rosneft, Russia’s largest crude producer, and oil pipeline operator OAO Transneft, agreed last month to supply China with 15 million tons of oil annually for 20 years and to build a branch pipeline through eastern Siberia.

Zhang Dongsheng, the head of Oil and Petrochemical Project Planning at the Tianjin Municipal Commission of Development and Reform, confirmed the expansion today, without giving capacity details.

Prior to the expansion, the Tianjin plant would cost 21.1 billion yuan ($3 billion), the municipal government said Feb 27.

The companies will seek approval from the National Development and Reform Commission, China’s top economic planner, after the feasibility study is completed in June or July, the China National official said. Construction may start next year, he said. The expansion was proposed by Rosneft, which will provide crude supplies to the venture, the official said.
China National Coal Group aims to double profit in 5 years

China National Coal Group (CNCG), the country’s second-biggest producer of the fuel, plans to almost double its profit and coal production in the next five years.

Within that time, CNCG’s profit may climb to 20 billion yuan ($2.92 billion) from 11.3 billion yuan in 2008, and its coal output is expected to reach 200 million tons, the Beijing-based company said on the website of the State-owned Assets Supervision and Administration Commission on Monday.

The parent company of Hong Kong-listed China Coal Energy Co aims to increase sales to 150 billion yuan in five years from last year’s 71.9 billion yuan.

The company plans to build five coal industrial bases in Shanxi, Jiangsu and Heilongjiang provinces, Inner Mongolia and Xinjiang Uygur autonomous regions, integrating its businesses, including coal production, coal chemical processing, power generation, machine manufacturing and coal mine construction.

However, coal demand has been weakened and prices may fall due to the financial crisis, increasing the pressure the company faces in 2009, the company said. Additionally, the adjustment and reform on added-value tax and resource tax has boosted its production cost, it added.

China Power to inject hydro projects into listed unit

China Power Investment Corp (CPIC) aimed to inject its hydropower projects into its Hong Kong-listed electricity generation unit, China Power International, in the first half of 2009, a senior executive said on Tuesday.

China Power International has not yet completed negotiations on its 2009 coal contracts, said Li Xiaolin, vice-president of CPIC. Li, who is also chairman of China Power International, said coal contract prices should be cut by 5 percent to 10 percent this year from last year.

Gezhouba wins 1.14b yuan hydropower contract

China Gezhouba (Group) Corp, one of the country’s biggest engineering and construction companies, has won a bid worth 1.14 billion yuan ($167 million) for a hydropower plant in Tibet autonomous region, the biggest contract the company has won in its history.

Gezhouba’s subsidiary No 5 Engineering Co Ltd will provide concrete and aggregate processing services for the Zangmu Hydropower Project, the company said on its website.

The company will be responsible for designing, constructing and running the project that supplies 3.4-million cu m of concrete and 8-million-ton aggregate for the water power station. The project is expected to last till the end of December 2015.

Invested by Tibet Power Generation Co Ltd of China Huaneng Group, the country’s top power generator, the Zangmu Water Power Station is located in the middle reach of the Brahmaputra River.
SDIC Huajing plans share placement

SDIC Huajing Power Holdings Co said yesterday that it plans to buy 100 percent of a sister power company for about 7 billion yuan ($1.02 billion) through a share placement, to strengthen profitability and expand assets.

The arrangement calls for SDIC Huajing Power to issue 825 million A shares to its parent company, State Development & Investment Corporation (SDIC) in exchange for another State Development subsidiary SDIC Electric Power Co.

The shares will be priced at 8.49 yuan, or its average stock price in the 20 trading days before it was suspended last December, the Shanghai-listed company said in a stock exchange filing yesterday.

The long-anticipated move will increase SDIC Huajing Power's capacity by 86 percent and add 5.85 million kilowatts to boost total power output to 12.64 million kilowatts, the company said in the statement.

Among the 5.85 million kilowatts of installed power generating capacity, 4.65 million, or 79 percent, is hydropower capacity, it said.

After the acquisition, the proportion of installed hydropower capacity at SDIC Huajing Power Holding will amount to 41.25 percent, a move that analysts say will help the company improve its profitability as it will reduce its exposure to volatile coal prices.

"The injection of hydropower assets is a big boon to the company as it can cut the proportion of the coal-fired power generating capacity," said Peng Quangang, an electricity analyst at China Merchants Securities.

The volatile coal prices, Peng said, has been negatively impacting profits of coal-fired power plants in recent years.

The asset injection will also expand SDIC Huajing Power's business coverage, from seven provinces to nine, the company said. The asset buyout plan, which needs the approval of shareholders and relevant regulatory bodies, is also seen as part of SDIC’s efforts to streamline its operations.

China Power Investment Corp plans whole listing

China Power Investment Corporation, one of the country’s top five power groups, plans to get all of its assets listed in the coming years, a company executive said.

The company, the only power firm with a nuclear power license among the country's top five, is now consolidating its regional assets, which could take two to three years, ahead of a final listing, said General Manager Lu Qizhou.

China Power Investment Corp had total assets of 284.2 billion yuan ($41.55 billion) at the end of last year, according to its website. It controls more than 200 companies and holds stakes in five other companies, employing more than 100,000 people.
Power firms bleed on high coal rates

China's five major power-generating companies incurred losses in January due to high coal prices. All these companies lost money in 2008 also because of the same reason. The companies are China Huaneng Group, China Datang Corp, China Guodian Corp, China Huadian Corp and China Power Investment Corp.

"We expect to see continuous losses in February also," said Zhai Ruoyu, general manager, China Datang Corp. The current coal price is still "too high" for power companies, said Zhai. Transportation costs have also partly caused high coal prices.

Meanwhile the preferential power price policies made by some local governments are expected to be cancelled before March 15, according to the central government.

Many high-energy consuming industries have been facing difficulties due to the economic downturn. To mitigate some of their woes, local governments began to offer them preferential power prices since late last year. However, the move may "cause mess" in China's power pricing systems, said a statement.

"The first two quarters will be the most difficult for China's power industry. Power demand is likely to see a continuous decline in the first-half," the China Electricity Council (CEC) said in an earlier report.

Power demand is now expected to pick up only in the third quarter, according to the CEC. The five major power companies posted losses of around 40 billion yuan ($5.85 billion) in 2008, while coal-fired power generators had losses of 70 billion yuan, according to the National Bureau of Statistics.

The losses are mainly due to rising fuel costs and lackluster electricity demand. In the first-half of last year coal prices went up sharply, and as a result many domestic power companies plunged into the red, said Xue Jing, a CEC executive.

CNEEC wins $580m Philippine power plant order

China National Electric Equipment Corp (CNEEC), the country's major power plant contractor, has won a $580 million contract to build power stations in the Philippines, according to a government website.

CNEEC will build two coal-fired power plants of 300 mW each, the State-owned Assets Supervision and Administration said today.

The company will be responsible for engineering, procurement and construction of the project, expected to take 38 months before starting commercial operations. The project is expected to ease the tight power supply in the Philippines.

Shenhua to pour 200b yuan into Shaanxi

Shenhua Group, China's largest coal miner, plans to invest 200 billion yuan ($29.24 billion) during the next 10 years to develop energy resources and the chemical industry in Shaanxi province, according to a government website.
Shenhua Group will mainly focus on coal, coal chemistry, power supply, railways and logistics in the north of Shaanxi. In 2009, projects such as coal gas will start construction with a total investment of 15 billion yuan, the State-owned Assets Supervision and Administration Commission said on its website on Tuesday.

**Huaneng plans to cut expenditure**

(2009-03-10)

China Huaneng Group, the country’s biggest generator, plans to reduce overseas travel expenses, car purchases and conference expenditure by between 10 percent and 20 percent this year, the company said in a statement on its website today.

**China Southern Power Grid plans for listing**

(2009-03-10)

China Southern Power Grid, the smaller of the two Chinese energy transmission companies, is transforming itself into a joint stock company in preparation for an eventual public listing, President Yuan Maozhen said on Tuesday.

"We will put all the assets of our core businesses into the shareholding company," Yuan said in Beijing. The total assets of the company are currently valued at around 300 billion yuan ($43.86 billion). The company has completed the plan of joint stock transformation, Yuan said.

Yuan said he is not sure when and where the company would launch its initial public offering, as the company is still waiting for government approval.

China Southern Power provides energy to five southern provinces - Guangdong, Hainan, Guangxi, Yunnan and Guizhou. State Grid covers the rest of China.

**Huaneng Group gets 680m-yuan loan for acquisition**

(2009-03-13)

China Huaneng Group, the country’s biggest power producer, received 680 million yuan ($99 million) in loans from Bank of China Ltd for acquisitions, the Chinese bank said in a statement on its website today.

**Guangdong Electric Power to buy into Yudean Jinghai**

(2009-03-14)

Guangdong Electric Power Development Co will pay a total of 189 million yuan ($27.65 million) for a 10 percent stake in Guangdong Yudean Jinghai Power Generation Co, according to a filing on Friday to the Shenzhen Stock Exchange.

The company will pay 10 million yuan for the right to acquire the stake and will pay 179 million yuan for the shares, it said. Guangdong Electric Power will own 65 percent of Guangdong Yudean after the acquisition, it said.
New coalfield discovered in Shandong

(2009-03-16)

A coalfield with estimated coking coal reserves exceeding 3 billion tons has been discovered in Caxian county, Heze city, Shandong province. The new coalfield is valued at 1.5 trillion yuan ($219 billion) based on current coking coal prices.

Another coalfield, principally containing coking coal and bituminous coal, has reportedly been found in Juye county, Heze. Its predicted reserves are 5.57 billion tons.

Southern Grid powers up with additional investment

(2009-03-17)

China Southern Power Grid (CSG), the second largest electricity distributor in China, will invest 71 billion yuan ($10.39 billion) this year in its 20 key projects. About 62.2 billion yuan will be invested to reconstruct urban grids and upgrade grid infrastructure in rural areas. Roughly 8.8 billion yuan will be invested in constructing new power grids.

The investment will partly go to 11 major grid expansion projects, including improvements for a west-east power transmission project, the 500-kV Guishan Mountain-Cangjiang River-Shuixiang electricity transmission project and the 500-kV Xiaowan power plant project, the company announced on its website yesterday.

CSG said money would also go toward construction of existing key projects, including the 800-kV Yunnan-Guangdong high voltage direct current transmission project, the 500-kV submarine power link between Hainan and Guangdong and construction of the Huizhou Xuneng power station.

Once the improvements on the west-east power transmission project are complete, electricity transmission capacity of western regions to Guangdong province would be boosted to 19.8 million kV. If the Yunnan-Guangdong project is put into operation, the capacity would reach 21.2 million kV.

Yuan Maozhen, chairman of CSG, said the company would increase investment by 30 percent to 102.5 billion yuan this year and targets 5 percent growth in electricity sales this year. Yuan said the company was transforming itself into a joint stock company in preparation for an eventual public listing.

CSG also got a 100 billion yuan credit line from the Industrial and Commercial Bank of China, under a strategic cooperation agreement reached on March 12.

Hainan linked to national power grid by underwater cable

(2009-03-18)

China's Hainan Island was connected to the national power grid Tuesday. One of three planned seabed cables was drawn onshore at Linshi Isle in Chengmai, a county in Hainan province, through Qiongzhou Strait at 3:28 pm from Xuwen in Guangdong province. The cable is 32 kilometers long.

The 500-kilovolt seabed power transmission project is the first of its kind in China and the second in the world after Canada, according to Shang Chun, deputy general manager of the China Southern Power Grid.

Two other cables will be installed in late March. All three cables, produced by Nexans of Norway, will eventually be linked up to the Fushan power transformer substation based in Chengmai County. They will go into service in late June.
The project will cost about 2.5 billion yuan ($368 million) in all. The initial capacity will be 600,000 kilowatts. When the project is completed, the capacity will double. Once the project is completed, the province will be able to sell surplus electricity to the national power grid.

**Huaneng parent ends 7 months of losses as costs drop**

China Huaneng Group, the country's biggest power producer, said it made a profit in February, ending seven months of losses as fuel costs dropped and electricity demand increased.

"Electricity output stopped falling and the fuel supply situation has improved noticeably," the Beijing-based parent of Hong Kong-listed Huaneng Power International Inc said in a statement posted on its website late yesterday.

Chinese power companies made losses last year after coal costs increased to a record in July, tracking the advance in crude oil prices. Prices for the fuel at Qinhuangdao port, a Chinese benchmark, have almost halved from the peak of 995 yuan ($146) a ton to 557.5 yuan as of March 16, according to the China Coal Transportation and Distribution Association.

Power demand climbed 4 percent in February, the first gain in four months, after cement and petrochemical companies increased production, Li Yizhong, the minister for industry and information technology, said in Beijing last week.

**Puda Coal gets new COO**

Puda Coal Inc, a supplier of high-grade metallurgical coking coal used in steel manufacturing, has appointed Lang Pengxiang as its new chief operating officer. He replaces Tian Wenwei, the company's former COO and director of investor relations.

Prior to his appointment, Lang served as vice-president of Shanxi Puda Coal, an operating subsidiary 90 percent owned by the company, since 2002.

**State Grid seeking approval for 170b yuan in bonds**

State Grid Corporation of China (SGCC), the country's biggest power supplier, is seeking approval to issue up to 170 billion yuan ($24.85 billion) worth of bonds and notes in 2009.

The debt issuance plan includes 80 billion yuan in corporate bonds for construction of the power grid, and 90 billion yuan in medium-term notes. Once approved by the regulator, the bonds will become the biggest-ever issue by a domestic company.

The move aims to help SGCC meet its huge financing demand for power grid operation and massive investment. The company plans to invest a total of 260 billion yuan this year, it said earlier this month.

**Shenhua Energy’s 2009 coal output may grow 8%**

China Shenhua Energy Co, the nation's biggest coal producer, may increase production of the energy fuel by about 8 percent this year, slower than the 18 percent growth in 2008, said Vice President Wang Jinli.
Parent Shenhua Group Corp's production may rise about 10 percent in 2009, Wang said. Shenhua Energy boosted coal output to 185.7 million tons in 2008, the Hong Kong-listed company said in January.

The Chinese coal market will "ease" this year as consumption slows while supply expands at a steady rate, the National Development and Reform Commission said last month. Coal consumption in China has fallen as power demand declined amid the steepest slowdown in the economy in almost two decades.

China's coal consumption growth may drop to 5 percent in 2009 from an estimated 8 percent in 2008, David Fang, a director from the China Coal Transportation and Distribution Association, said on Oct 20.

Coal sales in February dropped 21 percent while production increased 1.4 percent to 15 million tons, Shenhua Energy said March 13.

New coalfield found in Xinjiang

China has discovered a new coalfield containing more than 13 billion tons of proven coal reserves in Xinjiang Uygur autonomous region.

The 1,400 square-kilometer Sha'erhu coalfield, located in Shanshan county in Xinjiang, contains coal suitable for power generation and gas conversion. Total estimated reserves in Shanshan county are around 240 billion tons. Shanshan aims to raise its total coal production capacity to 400 million tons by 2020.

Shenzhen Energy gets 30b yuan credit line

Shenzhen Energy Group Co said it got a 30-billion-yuan ($4.4 billion) credit line from Bank of China Ltd, according to a filing to Shenzhen's stock exchange today.

China Datang gets nod for coal-mining business

China Datang Corp, one of the country's five biggest power generators, has been given the green light to expand into the coal-mining business, the State-owned Assets Supervision and Administration Commission (SASAC) said on its website.

Analysts say if China's utility companies could supply 30 percent of their own coal demand, they would be less vulnerable to coal price fluctuations.

The disagreement between China's utility companies and coal miners over this year's term price for coal forced many local thermal power producers to purchase cheaper coal overseas.

Chinese coal miners aimed to charge power producers 10 percent more for the fuel under the 2009 annual contracts, while power producers wanted a price cut of as much as 10 percent as electricity demand has fallen, Xie Juchen, a fuel purchasing director at the China Electricity Council, said in December 2008.

The added business operations aim to encourage better resource allocation and therefore increase the company' core competence, the SASAC said.
China Coal Energy suspends $2.5b project on weak demand

(2009-03-28)

China Coal Energy Co, the nation's second-biggest producer of the fuel, will halt investment in a plant in northeastern China that may cost 17 billion yuan ($2.5 billion) because of weak demand.

The company suspended the project in Heilongjiang province because "domestic and international economic conditions have significantly deteriorated," China Coal said in a statement yesterday. The project, which would produce 10 million tons of coal a year, will be less profitable in current markets, it said.

The company will "actively seek alternative plans to deploy" the funds for the project, China Coal said in the statement. The coal producer had spent 12 million yuan on the project so far, it said. The rest of the funding had been expected to come from proceeds from the company's share sale in Shanghai last year, China Coal said.

China Shenhua cuts 2009 capex by 16%

(2009-03-30)

China Shenhua Energy Co, the world's biggest coal producer by market value, cut capital spending by 16 percent for 2009 because of falling power demand amid the global financial crisis.

The company earmarked 29.9 billion yuan ($4.37 billion) for capital expenditure in 2009, down from 35.8 billion yuan a year ago, the company's annual report said.

Shenhua's President Ling Wen said at a media briefing that the firm has signed agreements with the country's power plants for domestic long-term contract sales.

"The contracts so far that have been signed are very satisfactory from our point of view," Ling said. "Whether it is from a quantity or price point of view, we are confident that our sales target will be met."

Shenhua has agreed to offer State-owned conglomerate China Resources Group 85 million tons of thermal coal over the next five years.

China's coal miners and power plants have been embroiled in a dispute over annual prices this year. Coal miners have come under pressure to lower prices by the country's power generators, which, in recent months, have sought out coal at cheaper prices from abroad, worsening the oversupply at home.

But Ling said "the increase in imported coal will not affect the Chinese market," as the volume of imported coal is still very small relative to China's total coal consumption.

Shenhua's sales in the first quarter of this year are "better than our expectations," Ling said. Sales from China account for about 91 percent of the firm's total coal sales.

China's coal miners are grappling with weaker prices as slackening industrial activity in the country crimps demand for the fuel. But analysts say that Shenhua, which has locked in 83 percent of its coal revenue from contract sales, is more insulated from the sharper fall in spot prices than rivals Yanzhou Coal and China Coal Energy.

The coal maker forecasts its commercial coal sales volume to reach 220 million tons in 2009 against sales of 232.7 million tons in 2008.
Chairman Zhang Xiwu said the company's railway segment will be the major growth driver for the firm. Shenhua will allocate 7.6 billion yuan to develop its rail business this year, compared to 2.5 billion yuan in 2008.

The company expects China's coal export volume to fall slightly in 2009. In 2008, the coal export volume was 21.2 million tons, a 11.7 percent fall from the previous year. Export selling prices reached 577.2 yuan per ton, a 45 percent increase from the previous year.

Shenhua said the increase in demand for coal in the Asia-Pacific market this year will be mainly from India, adding that imports of thermal coal by India are expected to rise by 10 million tons this year.

**Shenhua among 10 bidders for Mongolia’s Tavan Tolgoi mine**

(2009-03-30)

China Shenhua Energy Co Ltd, the nation's biggest coal producer, said it is among the 10 bidders for Mongolia's Tavan Tolgoi coal mine.

Shenhua and nine other international companies have sent proposals to the Mongolia government, President Ling Wen said in Hong Kong today. Mongolia is studying the proposals and has appointed advisers on the possible sale of the mine, he said.

**Shenhua may see record profit as China stimulus boosts coal use**

(2009-03-30)

China Shenhua Energy Co Ltd may post record profit for a second year as government efforts to boost economic growth increase demand for the fuel, analysts said.

"The market is bullish about coal and other commodity stocks because it believes China's economic stimulus package is beginning to work," said Martin Wang, an energy analyst at Guotai Junan Securities Hong Kong Ltd. "Power demand appears to be picking up."

The $586 billion stimulus package and Shenhua's ports, railways and power generation businesses should help it weather the downturn, said Donovan Huang, an energy analyst at Nomura Securities in Shanghai. "Shenhua is well placed because its business model is more defensive," he said.

Power demand rose for the first time in four months in February and central bank Governor Zhou Xiaochuan said March 26 economic indicators are pointing to a recovery. Coal is used to produce about 80 percent of China's electricity.

Shenhua expanded output by 18 percent last year to benefit from soaring energy prices in the first six months. Earnings and prices slumped in the second half as the global economy sank into recession.

The coal producer "made real progress in its overseas development strategy," Shenhua said in last week's statement. In October 2008, the company won a bid for a mining lease in Australia's Watermark exploration area, taking its first step in developing coal resources overseas, Shenhua said.

The company said it has also invested in a coal and power project in the South Sumatra Province of Indonesia, comprising a mine with annual capacity 2.3 million tons and a two 150-megawatt units coal-fired power plant.

In 2009, Shenhua may pursue domestic and overseas acquisitions, focusing on large-scale integrated coal fields, Chairman Zhang said in the statement. The company will seek to control costs, develop high-end products, boost capacity, and strengthen risk control, he said.
China Coal Group says to invest $15b in Xinjiang

China National Coal Group Corp said it plans to invest more than 100 billion yuan ($14.62 billion) in China's far northwestern Xinjiang Uygur autonomous region over the next five years.

China Coal will invest in coal mining, coal-fired power generation, coal chemical plants and the development of coal-bed methane. The total annual production value is expected to exceed 30 billion yuan, the company said in a statement on its website.

China Resources, Shenhua coal price not set

China Resources Group and Shenhua Group have not set term coal prices for this year, but Shenhua will offer low prices to China Resources as part of their 5-year, 85 million-ton coal supply contract, said sources on Tuesday.

Shenhua Group has agreed to offer prices to China Resources no higher than term prices with Guohua Electric Power, Shenhua's power generating subsidiary, or the lowest prices it could offer to power companies, said a source with China Resources.

Shenhua would supply 8 million tons of thermal coal to China Resources this year, 12 million tons in 2010, 15 million tons in 2011, 20 million tons in 2012, and 30 million tons in 2013.

Each year's coal supply could increase or reduce by 10 percent, but 95 percent of the contract has to be delivered.

Datang inks no coal deals

Datang International Power Generation Co has not signed any major contracts with China's coal miners for this year, said Chairman Zhai Ruoyu said Tuesday.

China's coal sellers are demanding an 80 yuan-per-ton increase in prices for supplies under 2009 contracts, while buyers are asking for a cut of 50 yuan per ton from contract prices agreed a year earlier, Zhai said in Hong Kong.

China Coal’s 2008 production cost jumps 21%

China Coal Energy Co, the nation's second-biggest producer of the fuel, said production costs jumped 21 percent last year.

The cost of production rose to 110 yuan ($16) a ton in 2008, President Yang Lieke said in Hong Kong today.
Major oilfield found in Inner Mongolia

(2009-03-01)

An oilfield with reserves of about 100 million tons has been found in Siziwang Banner in Inner Mongolia autonomous region.

Experts said the oilfield has workable reserves of 35 million to 40 million tons. The Siziwang Banner government will invest 20 million yuan ($2.9 million) in the first half of this year to set up five exploratory shafts for further exploration.

The government is expected to invest 200 million yuan to set up 100 oil-wells by the end of 2010. The oilfield is expected to produce 500 tons of oil daily and 150,000 tons a year then.

Oil prices discourage smuggling

(2009-03-02)

Inspectors at Shenzhen Customs now have one thing less to worry about, thanks to the steep fall in international crude prices.

During the middle of last year, when crude oil prices touched $147 a barrel, retail fuel rates in Hong Kong, which is situated across the border from the city, skyrocketed to double or even triple Shenzhen prices.

Retail price for unleaded gas rose to $2.15 a liter when oil prices peaked. Shenzhen's retail price, in contrast, was more or less stable at an average of $1. The disparity had many vehicles from Hong Kong turning up at gas stations in Shenzhen for refueling.

Local vehicles had to wait in long queues at gas stations to refuel. Some Shenzhen citizens started to arrive late for work because their buses were getting cancelled due to lack of fuel.

The price inequality also had another side effect. Tempted by the huge margins that came from buying fuel cheaply and selling it at a higher price in Hong Kong, many drivers shuttled between the two cities, smuggling fuel across the border.

Some resorted to innovative measures to avoid suspicion at checkpoints, refitting tanks in Mercedes-Benz vehicles or microbuses to help smuggle more fuel, as much as 200 liters in these 'big stomach' carriers.

"It seems those cross-border cars with big stomachs have simply vanished," said a customs inspector at the Shenzhen Huanggang Port, who asked not to be named.

Nearly 300 vehicles were involved in such smuggling operations, said the Hong Kong Container Transportation Employees General Union.

"It is a hugely profitable business. Some truck drivers earned as much as $6,800 a day," said Yu Tian, a customs official in Shenzhen. Tsim Wai, a Hong Kong driver who employed three cars to smuggle fuel at least three times a day between the two cities, was reportedly earning $3,060 a day from the business. "As far as I know, an illegal company owning 30 cars could earn as much as $13.6 million a year," said Tsim.

The fuel smuggling business spawned other illegal activity, including a roaring trade in driving licenses for smugglers. Local policy allows Hong Kong entrepreneurs investing in Shenzhen to also apply for driving licenses in the city. Some underground financiers used the loophole to lend money to smugglers who registered fake companies to get local licenses.
Hong Kong's Customs and Excise Department has uncovered 42 cases of fuel smuggling so far, which involved nearly 20 tons of smuggled gasoline ferried in 31 vehicles, between January and May last year.

Hong Kong's unleaded retail price is now $1.68 a liter. Shenzhen's is $0.87 a liter.

"Taking transportation costs and brokerage charges to middlemen into account, smugglers could only earn about $0.15 yuan a liter now," said the inspector. "It's no wonder there are fewer oil smugglers with such little profit."

But the inspector is afraid the smuggling will restart if international crude oil price fluctuates sharply again and China's domestic price for refined oil products is kept low. So far there is no regulation to stop the business. The only way is to stop the vehicles with illegally refitted tanks.

The Chinese government holds domestic prices below international costs to keep inflation in check and stave off social instability. China's domestic fuel prices were among the lowest in the world, more than 50 percent below international levels, in 2008. Chinese oil refiners suffered losses as world crude prices soared. But many international air-crafts and ships making refueling stops in China benefited from the subsidy.

The National Development and Reform Commission changed the nation's pricing system for oil products in January to move it closer to the global level. A market-based ceiling that takes the cost of crude oil into account replaced a guidance band for retail fuel prices.

"The difference in the prices of oil on the mainland and elsewhere gives a big push to illegal activity," a customs official familiar with the matter said. "It is not only a headache for oil producers, but also a tough cat-and-mouse game for us."

CNPC’s overseas expansion proved successful

Since CNPC's takeover four years ago, PetroKazakhstan's annual crude oil production has grown to 10 million tons, accounting for 16 percent of Kazakhstan's total oil output. Its crude oil refining capacity tops 4 million tons a year and the company is seeing record net profits and cash flow.

Doubts were high when CNPC, China's largest oil and gas producer, acquired the underperforming oil company for $4.18 billion in 2005 in what was then the largest overseas acquisition ever made by a Chinese company.

But now the deal stands as one of the most successful overseas acquisitions by a Chinese company and a strategically important step from which CNPC can increase its overseas portfolio.

The ongoing global financial crisis and economic downturn has slashed oil prices but hasn't squashed CNPC's overseas expansion ambitions. Last year its foreign oil production exceeded 62.2 million tons and foreign gas production topped 6.73 billion cu m.

The success of CNPC's foreign acquisitions boosts the nation's confidence as China, the world's second largest oil consumer, and the fastest-growing economy, looks for ways to insure an energy supply.

"Experience from the PK deal is valuable for companies such as CNPC trying to further push operations abroad," said Song Lu, council member of the Chinese Institute of Business Administration.
CNPC recently announced it will invest up to $44 billion in oil and gas projects in 2009. The company said it will ensure extensive investment in its core operations but will delay non-production projects amid the global financial crisis.

One of its key projects is the second phase of the 3,000-km Sino-Kazakhstan oil pipeline, which will transport 20 million tons of oil a year. Construction is expected to cost $3 billion and the pipeline will reach a full capacity in 2011.

Sinopec to boost diesel exports

China Petroleum and Chemical Corporation, or Sinopec, Asia's largest refiner, plans to increase diesel exports in the wake of a 30 percent decline in domestic diesel demand in January.

Its parent, Sinopec Group, announced Tuesday that sales of refined oil products fell 16.6 percent, by 2.71 million tons, in January.

China, whose economy grew at its weakest pace since 2001 in the last quarter, said demand for gasoline and diesel may decline in the first half of 2009 because of the global financial crisis.

Weak domestic demand encouraged China's largest oil product producers, China National Petroleum Corp (CNPC) and Sinopec Group, to boost diesel exports to get rid of excess inventory. CNPC and Sinopec Group exported 50,000 tons and 120,000 tons of diesel in January, respectively.

Sinopec and CNPC suspended the export of refined oil products last June to satisfy domestic demand. Sinopec also said on Tuesday that gasoline is in short supply, as sales increased 8.4 percent in January.

China plans oil refinery in Tianjin with Russia

China and Russia may jointly build a 210-billion-yuan oil refinery in northern China's Tianjin municipality next year to cater to the rising domestic demand, according to the local government.
The project, developed by China National Petroleum Corp (CNPC) and Russia's OAO Rosneft, will be located in Binhai Industrial Zone. It can process 10 million tons of crude annually.

Construction of the project is scheduled to be completed in 2012, the Tianjin municipal government said on its website. The project is part of an agreement signed by China and Russia in 2006 to expand their oil and gas production cooperation. The two parties set up a joint venture in Tianjin in 2007.

The domestic media had reported that the refinery would use crude from Russia.

China and Russia signed a loans-for-oil agreement in February. Under the agreement, China will lend $25 billion to two major Russian oil companies in return for 20 years of sustained oil supplies.

The deal includes the construction of an oil pipeline linking Russian oilfields in east Siberia with China's northeastern region. The pipeline, the first such one linking the two countries, will be in use from 2010.

**CNPC plans to buy Canadian oil firm**

China National Petroleum Corp (CNPC), the country's largest oil and gas producer, has agreed to buy Canada's Verenex Energy Inc for 499 million Canadian dollars ($390 million) in a bid to boost its business in Africa.

CNPC's international arm, CNPC International Ltd, has offered to take over Verenex for 10 Canadian dollars per share, a 28 percent premium to the company's recent share price, Verenex said on its website.

The Calgary-based Verenex's biggest asset is its 50-percent stake in the Area 47 oilfield in northwest Libya in northern Africa, along with other assets in the vicinity.

CNPC's offer is still subject to approval by Libyan National Oil Corp and Verenex shareholders owning at least two thirds of the outstanding shares, according to the Canadian company.

The deal is the latest among the overseas development plans of China's oil and gas companies.

"Now the timing is good for Chinese companies to make overseas investments," said Lin Boqiang, an energy professor at Xiamen University. "Prices of some oil and gas assets have dropped because of the low oil prices."

CNPC General Manager Jiang Jiemin had earlier said the company was studying the feasibility of acquiring some overseas resources companies badly affected by the global financial crisis. "The present low share prices of some global resources companies offer good opportunities for us," he had said.

According to a three-year plan for China's oil and gas industry made by the National Energy Administration, China is considering setting up a fund to support firms in their pursuit of foreign mergers and acquisitions. The plan was submitted at the National Work Conference on Energy held in Beijing earlier in February.
CNPC sees lower crude output in 2009 as demand weakens

(2009-03-08)

Chinese oil giant CNPC, parent of PetroChina, expects its crude output this year to fall below 2008 level due to weakening demand, a company executive said on Saturday. "Now the demand is lower than last year, it's natural to have lower output," said Yu Baocai, CNPC's vice-president.

CNPC to cut oil, gas lifting costs, project spending

(2009-03-10)

China National Petroleum Corp (CNPC), the country's biggest oil and gas producer, plans to cut extraction costs, project spending and overseas traveling budgets this year as slowing economic growth erodes fuel demand.

The company's oil and gas lifting costs will be reduced by at least 5 percent from a year earlier and spending on projects will be cut by more than 10 percent, the Beijing-based company said in a statement today. The budget for overseas business travel and car purchases will be lowered by at least 10 percent, it said.

CNPC's cost-cutting efforts follow similar moves by oil producers including Total SA and BP Plc as the global recession damps demand and after oil prices fell more than 70 percent from a record in July 2008.

CNPC will reduce the use of electricity and water by more than 5 percent this year, it said in the statement. The company will encourage teleconferences, ban off-site meetings and won't construct any new buildings until 2010, it said.

Sinopec parent increases research spending to upgrade refining

(2009-03-10)

China Petrochemical Corp, the parent of Sinopec and the nation's largest oil refiner, will increase spending on research to about 7 billion yuan ($1 billion) this year to speed up exploration and upgrade refining units, a company official said.

The company will upgrade refining facilities to process cheaper high-sulfur heavy oil, Cao Xianghong, a senior consultant at the company, said in Beijing.

"Global crude supplies now have higher sulfur content and have become heavier, so we must upgrade our refining units," Cao said. "We also aim to upgrade the technology to produce cleaner fuel and boost fuel yield from crude."

Currently about 40 percent of China Petrochemical's crude processing capacities are able to refine high-sulfur crude, he said.

Sinopec to hike oil stockpile this year

(2009-03-10)

Sinopec Corp, Asia's top refiner, will stockpile more commercial oil reserves this year, Cao Xianghong, Sinopec Corp senior consultant and former senior vice-president, said Tuesday in Beijing. "We will stockpile more crude oil as well as finished products than last year, " Cao said.
Zhang Guobao, head of the China National Energy Administration, said earlier that oil firms were encouraged to use spare storage capacity to increase commercial stockpiling of oil resources.

Collapsing oil prices have provided a good opportunity for China, which relies on overseas markets for half of its supply, to boost its oil reserves to meet future needs, analysts have said.

**China Shipping, CNPC announce LNG venture**

China Shipping Development Co said on Wednesday that it will sign an agreement with China National Petroleum Corp (CNPC) to set up a $5 million joint venture to ship liquefied natural gas (LNG). China Shipping would account for 90 percent of the venture and CNPC the remainder.

CNPC, parent of PetroChina, is China's biggest natural gas supplier and has signed several deals to buy LNG from Shell and Qatar to supplement its supplies to the country's coastal areas.

Analysts said that the joint venture will build its own LNG vessels to reduce PetroChina's transportation costs.

**CNPC starts oilfield project in Iraq**

A Chinese National Petroleum Company (CNPC) delegation on Wednesday formally opened the al-Ahdab oilfield project in Iraq's eastern province of Wasit, which would see a production of 110,000 barrels per day (bpd) in the coming six years.

Al-waha Co is the joint venture of CNPC and another Chinese company, Zhenhua Oil Company. CNPC is eager to fulfill what it had promised to the war-torn state - an output boost of 25,000 bpd in the following three years and 110,000 bpd within the 6 years ahead.

Zhi Yulin, board chairman of the Al-waha Co vowed to boost oil output to 110,000 bpd in six years and create local employment opportunities, and boost business development of Wasit province as well as its industry recuperation.

However, Iraq had somehow changed the original joint venture contract to a service contract with the Chinese side. The two sides have agreed on the only service contracts - under which Iraqi state firms keep all the oil while paying Chinese company for its work - rather than the former production sharing agreements Iraq signed with western companies in which the latter keep some of the output.

According to the contract, China will receive a service charge of $6 per barrel of oil produced at al-Ahdab, which will be gradually reduced to $3 per barrel.

**PetroChina’s Sichuan link to restart after fuel leak**

PetroChina Co expects to restart a pipeline that transports 70 percent of the oil products in China's most populous province this afternoon after it was damaged by nearby construction, said China National Petroleum Corp.
The Lanzhou-Chengdu-Chongqing fuel pipeline in the southwestern province of Sichuan is being repaired after a leak was discovered yesterday afternoon, parent China National Petroleum, the country’s biggest oil company, said in a statement on its website today.

The pipeline links PetroChina’s refinery in Lanzhou in Gansu province to the Sichuan capital of Chengdu and also services Chongqing municipality. Sichuan has a population of 86.4 million, four times that in Australia.

The leak was caused by "drilling work related to the construction of a passenger line," China National Petroleum said in the statement.

**PetroChina to start up first LNG terminal in 2011**

(PetroChina Co, the nation’s biggest oil company, will start operating its first liquefied natural gas (LNG) receiving terminal in April 2011 as imports of the cleaner-burning fuel increase, said the government.

PetroChina will own 55 percent of the terminal in Jiangsu, while Singapore-based Pacific Oil & Gas Ltd will hold a 35 percent stake and the province’s government will have the rest, the State-owned Assets Supervision and Administration Commission in Beijing said in a statement on its website today.

China plans to build more than 10 terminals on the east coast to meet a government target to double the use of gas in five years by 2010. PetroChina is planning to construct a terminal in Dalian city in the northeastern province of Liaoning and another in Tangshan in Hebei province.

PetroChina may sign an accord with Exxon Mobil Corp in the first half of 2009 to buy LNG from the Gorgon project in Australia under a term contract. Chairman Jiang Jiemin reiterated today in Beijing. Hong Kong-listed PetroChina signed an agreement in April to purchase 3 million tons of LNG from Royal Dutch Shell Plc’s 30 percent owned Qatargas 4 project starting 2011.

The first phase of the Jiangsu terminal, costing 6 billion yuan ($878 million), will receive 3.5 million tons a year of LNG from countries, including Qatar. The project in Rudong city will be expanded to handle 6.5 million tons a year in the second phase, the commission said. The terminal will be able to accommodate 267,000 cu m LNG vessels, it said.

China currently has two operational LNG terminals: Dapeng in Guangdong province and Fuqing in Fujian province, both of which are operated by China National Offshore Oil Corp.

**PetroChina, Venezuela to build Guangdong oil refinery**

(PetroChina Co and Venezuela will build a refinery in Guangdong province that will rival the biggest Chinese oil-processing plant by capacity as the two nations reinforce their energy ties.

PetroChina, the country’s largest oil company, will "further realize" the agreements with Venezuela on the 400,000 barrels-a-day refinery when energy officials from the South American nation visit Beijing this month, said Chairman Jiang Jiemin today. The capacity will match the size of China Petroleum & Chemical Corp's plant in Zhejiang province.
Venezuela and China plan to boost oil production from their joint ventures in the South American nation by more than 10-fold in the next six years to 1 million barrels a day. China's oil and natural-gas shortages will persist in the "long term," PetroChina's Jiang said on Jan 12.

China National Petroleum Corp, PetroChina's parent, signed an accord with Guangdong yesterday to construct the 55 billion-yuan ($8 billion) refinery, the Guangzhou Daily reported today. PetroChina will own more than 51 percent of the plant and Venezuela will have the rest, Jiang said in Beijing.

"We will start building the Yuedong plant as soon as we get government approval," said Jiang, who added that a proposal to construct the refinery will be submitted this year to the National Development and Reform Commission, China's top economic planner. Construction may begin next year, Guangzhou Daily said.

The refinery will source heavy crude oil "mainly from Venezuela," Jiang said.

The two countries agreed in May 2008 to build a refinery in China and create a joint venture to drill for oil in the Junin 4 area, where China National has been quantifying and certifying reserves. Venezuela plans to export 1 million barrels of oil a day to China by 2011 or 2012, Chavez said then.

Libya may prevent CNPC from buying Verenex

Libya said it may prevent China National Petroleum Corp (CNPC) from buying assets of Canada's Verenex Energy Inc in the North African nation.

Libya is considering acquiring these assets itself, Shokri Ghanem, chairman of Libya's National Oil Corp, said today in Vienna. National Corp is the partner of Verenex and a preemption clause in their contract gives it priority in buying its assets before others, he said.

"We are thinking of exercising this right," Ghanem said, adding that the move would be "purely commercial" and not directed against the CNPC, China's biggest oil company.

PetroChina to supply more jet fuel to home market

PetroChina will supply 12.4 percent more jet fuel this year to China National Aviation Fuel Holding, the country's near-monopoly jet fuel distributor. Both sides signed the supply deal on Friday.

China National Aviation Fuel will buy 2.35 million tons of jet fuel from PetroChina in 2009, higher than the 2.09 million tons in 2008, said a report on a website run by the Civil Aviation Administration of China.

In February, the jet fuel distributor inked a deal to buy 5.9 million tons of jet fuel this year from Sinopec, marking a 13.4 percent increase over last year.
Dalian Port, PetroChina to form $380m LNG JV

Dalian Port Co said on Wednesday it planned to form a 2.6 billion yuan ($380.4 million) liquefied natural gas (LNG) terminal joint venture with PetroChina.

Dalian Port said it would hold 20 percent of the joint venture in the city of Xingang. PetroChina would hold 75 percent and the remainder would be held by Dalian Construction Investment.

China Oilfield Services aims to boost revenue abroad

China Oilfield Services Ltd, a unit of the nation's largest offshore oil producer, will step up efforts to acquire overseas companies as it aims to boost international revenue.

Contributions from overseas will rise to 30 percent in the next year, 50 percent by 2015 and 70 percent by 2020, Executive Vice President Chen Weidong said in Beijing today. Total revenue will grow by between 20 and 30 percent this year, he said.

The unit of China National Offshore Oil Corp gets about 80 percent of its sales from operations off the mainland coast. The Beijing-based company completed its 17.1 billion yuan ($2.5 billion) purchase of Norway's Awilco Offshore ASA in September last year, expanding its rig fleet to the world's sixth largest.

"If you want to be a real international company, you will have to go through mergers and acquisitions," Chen said. "Organic growth isn't sufficient."

China oil firms to issue 30b yuan 3-year bills

Major Chinese oil companies said on Friday that they would issue a total of 30 billion yuan ($4.4 billion) of three-year corporate bills in the interbank market next week to help fund their operations.

China National Petroleum Corp (CNPC), the parent of PetroChina, plans to issue 20 billion yuan on Wednesday. The bills, rated AAA, will be underwritten by Industrial & Commercial Bank of China (ICBC) and Bank of Communications.

Sinopec Corp, Asia's biggest listed oil refiner, will issue 10 billion yuan next Friday. Lead underwriters are China Construction Bank and ICBC. The bills are also rated AAA.

Sinopec had previously registered medium-term bill issuance of up to 30 billion yuan with the National Association of Financial Market Institutional Investors, while CNPC had previously registered up to 80 billion yuan.

PetroChina Xinjiang to boost oil storage by 60%

PetroChina's Xinjiang Oilfield Corporation has started an expansion that would boost its crude oil storage capacity by 60 percent by August 2010.
The Xinjiang unit will add 450,000 cu m of crude oil tanks to its Wangjiagou oil storage facility in two years, with three tanks with 50,000 cu m of storage capacity each set to be ready for use by Oct 30 this year. The other six tanks of the same size are scheduled to be operational by Aug 10, 2010.

The expansion would boost Xinjiang Oilfield’s storage capacity to 1.2 million cu m and increase its ability to handle more crude oil produced in its own fields or imported from Kazakhstan.

In December, Xinjiang Oilfield built one million cu m of oil storage tanks in Shanshan in Xinjiang, the first phase of a massive crude oil storage project that would eventually be able to hold 8 million cu m of oil.

**PetroChina starts work on refinery pipeline in southwest**

(PetroChina Co, the nation’s biggest oil company, has started work on a pipeline to improve the supply of fuel to provinces and regions in southwest China. The pipeline will cost 501 million yuan ($73 million).

The pipeline will help link the Qinzhou refinery in Guangxi with the provinces of Guizhou and Yunnan, the company newsletter said today. PetroChina aims to start operating the 200,000-barrels-a-day refinery in Qinzhou in the first half of next year.

**Oil giants confident about performance**

China Petrochemical Corp, the nation’s biggest oil refiner, said its first-quarter performance is “better than expected” as demand for some oil products is recovering.

Sinopec Group, as the unlisted parent of China Petroleum and Chemical Corp is known, had “stable” profit growth in the first two months of this year and expects to post a gain in the first quarter, the Beijing-based company said.

**PetroChina issues 15b yuan in notes**

PetroChina Co said it has issued 15 billion yuan ($2.20 billion) worth of three-year notes on the interbank market with a yield of 2.3 percent for the fixed-rate notes.

The issuance represents half of the 30 billion yuan that PetroChina registered in January with the National Association of Financial Market Institutional Investors. The fund will supplement working capital and help finance the second west-east gas pipeline, due for completion in 2011.

**PetroChina in talks on overseas projects**

PetroChina Co, the nation’s biggest oil company, is in discussions with Royal Dutch Shell Plc, Exxon Mobil Corp and BP Plc on potential projects, President Zhou Jiping said.
PetroChina sees ‘most challenging’ year as net slumps

PetroChina Co, the world’s second-largest company by market value, said 2009 may be its “most challenging” year after refining losses and a slump in crude oil prices led to its first annual profit drop since 2001.

“Weak global oil prices, unprecedented uncertainty and risks arising from the external environment pose enormous challenges to the company's operations,” Beijing-based PetroChina said in a report on its website today.

Refining losses widened fourfold to 83 billion yuan as government curbs on fuel prices prevented PetroChina from passing on higher costs to consumers. China’s biggest oil producer and second-largest refiner said yesterday it faces "severe challenges" and will cut output this year as the global financial crisis curbs economic growth and energy demand.

However, the company will take advantage of low oil prices to expand overseas, Zhou said. PetroChina will "improve cooperation" with Russia, Venezuela, Iraq and Qatar.

China’s State-owned firms announced plans in February to invest $22 billion in mining companies, securing iron ore, copper and zinc assets from debt-laden entities unable to secure funding amid the global recession.

Chinese companies are boosting acquisitions overseas to take advantage of low commodity prices. According to the nation’s energy plan for the three years ending 2011, the government may tap its $1.95 trillion foreign exchange reserves and set up an oil fund to help companies expand abroad, China National Petroleum Corp said last month.

"If we keep investing in this turbulent time, we will be in a strong position when the economy picks up," Zhou said. "The temporary economic slowdown won't ultimately lead to diminishing demand for petroleum products in China and the rest of the world."

Sinopec boosts Tahe field’s crude output by 7.6%

China Petroleum & Chemical Corp (Sinopec), the nation’s largest oil refiner, increased crude output at the Tahe field, its second-biggest field, by 7.6 percent in the first two months of this year.

Oil production rose to 1.03 million tons, or 7.5 million barrels, parent China Petrochemical Corp said in a statement on the website of the State-owned Assets Supervision and Administration Commission.

Sinopec added 135 million tons of proven reserves at the Tahe field in the northwestern province of Xinjiang in 2008, increasing the accumulative deposits to 996 million tons, China Petrochemical said on Dec 9. The Tahe field was started in 1997 with an annual production of 390,000 tons.

Sinopec aims to almost double annual crude production at Tahe to 10 million tons by 2010 from 5.36 million tons in 2007, its parent said on Jan 8, 2008.
PetroChina seeks nod for 100b yuan bond

PetroChina Co Ltd said on Thursday that it would seek shareholders’ approval to issue up to 100 billion yuan ($14.6 billion) worth of bonds.

The bonds, with a maturity of no more than 15 years, could be denominated in yuan or other foreign currency, the company said in a statement to the Hong Kong stock exchange.

The proceeds from the issuance would be used to fund operational needs, increase the company's liquidity, or finance capital spending, it said.

Sinopec says needs ‘large amount of money’ to boost reserves

China Petroleum & Chemical Corp (Sinopec), Asia's biggest refiner, said the company's financial performance will "suffer" unless it invests "a large amount of money" to boost oil and gas reserves.

"Whether the company can obtain additional reserves is not certain," the company said in a statement announcing its annual results today.

Oil reserves fell 6.1 percent to 2.8 billion barrels last year, while proved supplies of gas rose 9.9 percent to 69.6 billion cubic feet, the company said in the statement to the Hong Kong stock exchange.

Sinopec targets Africa, Latin America for projects

China Petroleum & Chemical Corp or Sinopec is seeking to increase stakes in oil and gas projects in Africa and Latin America to secure supplies and guard against the risk of a rebound in oil prices.

The State-controlled company will look at projects in politically stable countries with "high-quality" gas and oil reserves, Chairman Su Shulin said in Hong Kong today.

Sinopec has been asked by the government to build emergency crude oil stockpiles in Zhoushan in Zhejiang province and in Shandong's Qingdao and Rizhao, President Wang Tianpu said today.

Securing overseas oil and gas projects was previously largely controlled by parent China Petrochemical Corp. Sinopec will now take more of a lead in seeking foreign acquisitions, Su also said.

"Sinopec has adopted a 'go global' policy in terms of upstream acquisitions," according to Su.

China Petrochemical completed its purchase of Tanganyika Oil Co for about $1.8 billion in December. Vancouver-based Tanganyika holds stakes in two Syrian production-sharing agreements covering the Oudeh and Tishrine/Sheikh Mansour blocks after expanding from Tanzania in 1996.

Sinopec’s parent also has assets in Russia, Angola, Ecuador, Australia, Canada, Kazakhstan and Myanmar, Su said.
Sinopec to delay refining, chemical projects on weak demand

Sinopec plans to postpone some petrochemical projects, including a joint venture with SK Energy Co, because of concerns the market could face an oversupply.

"Except for those already under construction, we will cancel or delay some of our refining and petrochemical plants," Chairman Su Shulin said in Hong Kong today.

"The main reason for the project delays is the weak market demand, and also tight cash flow," Su said. A refinery and an ethylene plant in Wuhan in Central China and a project by Sinopec Yizheng Chemical Fibre Co to produce purified terephthalic acid will be delayed, he said.

SK Energy, South Korea's biggest refiner, will take a 25 percent stake in the planned ethylene plant in Wuhan city, Sinopec's President Wang Tianpu said in May last year. Sinopec and SK Energy are still "in contact over SK's possible participation," Su said today.

Su said he will fly to Kuwait today to "discuss further cooperation" with the Middle Eastern country.

CNPC to invest in coal-bed methane

China National Petroleum Corp (CNPC), the country's largest oil and gas producer, will invest 1.58 billion yuan ($231 million) to develop coal-bed methane in Shaanxi province by the end of 2010.

The company's coal-bed methane project is located in Hancheng in the northern part of Shaanxi. CNPC will invest 1 billion yuan to develop the clean energy this year, said a company statement.

The company is expected to have a daily supply capacity of 200,000 cu m of coalbed methane by the end of this year, said the statement.

To boost the use of clean energy, the country's top economic planning body, the National Development and Reform Commission, drafted a 5-year plan for the development of coalbed methane, a gas that was previously regarded as useless and dangerous. Under the blueprint, China is to increase its annual coalbed methane output to 10 billion cu m in 2010.

Sinopec wins order to build oil, gas rigs in Kuwait

Sinopec won a contract to build five oil and gas rigs in Kuwait, according to the nation's State crude producer.

"Last year we tendered the biggest tender, probably regionally, for 27 rigs," Kuwait Oil Co Chairman Sami al-Rushaid said today in Kuwait City. The contract with Sinopec will be signed tomorrow, he said.

The tender is part of Kuwait's plan to boost oil output to 4 million barrels a day by 2020. The Persian Gulf nation, the fifth-largest producer in the Organization of Petroleum Exporting Countries, pumped 2.14 million barrels a day in February.
PetroChina’s Lanzhou-Zhengzhou oil pipeline in operation

(2009-03-31)

China oil giant PetroChina Co Ltd has started to operate a major pipeline to help transport fuel from the northwest to the energy-thirsty central regions.

The 1,188-kilometre-long pipeline running from Lanzhou in northwestern Gansu province to Zhengzhou in central China’s Henan province started pumping and delivering oil on Monday.

The Lanzhou-Zhengzhou segment is part of the Lanzhou-Zhengzhou-Changsha pipeline running 2,070 kilometres from northwest Gansu and Shaanxi to central Henan, Hubei and Hunan. It has an annual transportation capacity of 15 million tons.

China approved the project in 2007 in a move to improve PetroChina’s efficiency in transporting oil products from northwestern to central regions, which rely heavily on supply from other areas. PetroChina currently uses trains to distribute fuel due to the lack of a pipeline.

The west-central line will eventually be connected with a line running from northeast Jinzhou in Liaoning province to central Zhengzhou, forming the country’s biggest oil products pipeline network.

The Zhengzhou-Changsha segment is expected be ready for operation by the end of June.
Power companies attracted by clean, green nuclear

In eastern Shandong province on the shores of the Yellow Sea a small nuclear power plant is under development. Built by China Huaneng Group, the country's leading power generator, it uses different technology from all other nuclear projects in the country.

What sets apart this plant, located in the city of Rongcheng, is its high-temperature gas-cooled technology, in which China, along with the United States and South Africa, is a world leader in its development.

Compared with conventional technology, nuclear reactors using the technology are safer, more efficient and more simply designed, analysts said.

Construction of the plant, which is designed to have one 200-mW-reactor in the first phase, will start in September this year. It is scheduled to start operations in 2013.

The project is Huaneng's first in nuclear power. It earlier signed deals with suppliers to equip its plant, including Tsinghua University, China Nuclear Engineering Group Co, Shanghai Electric and Harbin Power Equipment Corp.

The great opportunities that exist for China's nuclear power industry encouraged more domestic power companies to join in. Along with Huaneng, power companies such as China Power Investment Corp and China Guodian Corp have all started their own nuclear projects.

China Power Investment, one of the country's five leading power-generating companies, said earlier it would accelerate preparations for two nuclear power projects in Hunan and Guangxi.

The company signed an agreement with the Hunan provincial government in January, under which both parties will further boost their preparatory work on the construction of the Xiaomoshan nuclear project in Yueyang, involving an investment of around 60 billion yuan.

Its second nuclear power plant will be located in Pingnan in Guangxi Zhuang autonomous region. Local media reported that total investment in the Guangxi project is expected to reach 50 billion yuan.

The Hunan and Guangxi plants, which have yet to be approved by the central government, are likely be China's first inland nuclear projects, said an official with China Power Investment who asked not to be named.

Guodian, another of the country's top five power producers, has launched its first nuclear project in eastern Fujian province. It has set up a division to work on the project in Zhangzhou, a coastal city in the southeast of Fujian.

The project is still at an early stage and has yet to receive government approval, said an official from the company.

Analysts said that nuclear power would become the next hotspot for China's power companies, as it has lots of advantages over traditional power generation methods.

"Compared with thermal power and hydropower, nuclear power has no problems in terms of fuel supply, and is little affected by the climate," said Xue Jing, an executive with the China Electricity Council.

Development of the clean energy is also in line with China's efforts in emission control and environmental protection, she said.
China's power companies can use nuclear power as an effective way to diversify their business structure, she said.

China now has a total of 11 nuclear reactors in operation, with a combined installed capacity of 9,080 mW. All of these have developed by the two major companies, China National Nuclear Corp (CNNC) and China Guangdong Nuclear Power Group.

Today the two companies are attaching equal importance to indigenous technological development and the introduction of foreign technology.

Shenzhen-based Guangdong Nuclear Power group is now focusing on its CPR1000 pressurized-water reactor technology. It has used the technology to build the Hongyanhe nuclear power station, in northeastern Liaoning province.

CNNC used its own technology to build the Qinshan nuclear power plant in Zhejiang province. Its Tianwan nuclear power plant in Lianyungang went into commercial operation last year. With two 1,060-mW pressurized water reactors using technology from Russia, the plant is now the largest such joint project between China and Russia.

Expert warns of nuclear talents vacuum

(2009-03-03)

China is in great need of nuclear science talents from the young generation, a nuclear physicist said in Beijing on Tuesday.

Zhu Zhiyuan, director of the Chinese Academy of Sciences Shanghai Branch, said China must step up efforts to attract and cultivate more young nuclear talents, in order to meet the demand of the country's future development.

China, realizing the huge potential of the nuclear power as a "clean energy", has already strengthened nuclear science education in recent years, said Zhu.

However, these efforts could not at once make up for the lack of nuclear specialist education in the country caused by previous insufficient attention towards the field for more than a decade.

He said the country's development of nuclear power and the civil or medical use of nuclear technologies are both indispensable from the cultivation of nuclear talents.

"China now needs a batch of young ambitious people to devote themselves to the nuclear science, to explore the world of physics," Zhu said.

Huadian to expand wind power production capacity

(2009-03-03)

China Huadian New Energy Development Co Ltd will try to add another 0.822 GW of wind power production capacity this year, which would add up to a total production of 1 GW, according to a company statement published on its website today.

The company will take further initiative this year to develop other renewable energy sectors, such as solar power generation, biogas power generation and small hydropower stations.

China Huadian Corp, one of China's five biggest power generators, is the controlling shareholder of the company.
Domestic wind power generation capacity has grown by 4 GW to 10 GW in 2008. China's wind power investment increases at a rate that is the second fastest in the world, only after the US, Zhang Guobao, head of the National Energy Administration, said in an article published in the People's Daily in December 2008. The goal to raise its total generation capacity to 100 GW by 2020 seems more achievable than ever, Zhang said.

Zhang also promised that China will soon establish a "favorable policy" to encourage big wind farms and connect them to the power grid. Starting from this year, the country will build several large wind farms over the next ten years each with a generating capacity in excess of 10 GW in Gansu, Hebei, and Jiangsu provinces, as well as in Inner Mongolia autonomous region.

**Dragon Power plans 10 new biomass power plants**

(Dragon Power Co Ltd (DP), China's largest biomass energy producer, plans to begin construction on an additional 10 power plants at 300 million yuan each. By the year 2010, the company expects to be operating 50 plants to supply 7.5 billion kWh of electricity annually. By that time, the company is expected to have created 80,000 new jobs in rural areas through the collection, storage, transportation and processing of hay.

DP occupies about 92 percent of the Chinese biomass power market, with 13 operating power plants and six others under construction. DP generates 2.05 billion kWh of electricity from composting 2.4 million tons of crop stalks and other plant materials.

China is abundant in biomass resources, with an annual 700 million tons of hay - equal to 500 million tons of coal, a third of China's annual output, in energy potential - and 100 million tons of other agricultural materials. However, apart from use for cooking, heating and making of paper, half of these materials are discarded.

**Sany plans entry into nuclear power**

(China's major heavy machinery maker, Sany Heavy Industry Co is planning to enter the nuclear power and jet engine manufacturing business even as it remains cautious on overseas acquisitions, a top company official said.

This would mark another major shift for the Hunan-based company after it diversified into wind power equipment manufacture recently.

"These are our goals and part of our strategic plan," said Xiang Wenbo, president of Shanghai-listed Sany Heavy Industry on the diversification into nuclear power and jet engine equipment-making business.

"The core manufacturing sectors such as nuclear power and aircraft engine equipment-making not only hold great market potential, but is also vital to China's overall national strength," said Xiang to China Daily.

**China Energy Recovery announces progress on patent application**

(China Energy Recovery Inc (CER), a leader in the waste heat energy recovery sector of the industrial energy efficiency industry, today announced that a patent application the company filed with the Intellectual Property Office of China in late 2007 has successfully passed the publication period and entered into the examination period in March 2009.
It is expected that the patent application will receive final approval in about two years. Up to now, China Energy Recovery has filed 7 patent applications in China and successfully obtained 5 certificates and approvals. Another one is currently in the publication period.

Qinghuan Wu, CEO of CER said, “In the next twelve months, we expect to nearly match the total number of patent applications we filed in the previous years. These applications will include waste heat recovery technology for the cement industry, an important segment we are expanding into, as well as several other industries where our experience has provided opportunities for growth.”

Apollo Solar appoints new directors

Apollo Solar Energy Inc, a leading vertically integrated miner, refiner and producer of tellurium and high-purity tellurium based metals for specific segments of the global electronic materials market, announced the appointment of two independent directors, Elliot M. Maza and James M. Lee.

Maza has also been appointed to serve as the chairman of the company’s audit committee. He has served as executive vice-president and chief financial officer of Intellect Neurosciences Inc, a development stage biopharmaceutical company, since May 2006.

Lee previously served at Intel Corporation for 21 years and has 30 years’ work experience in the semiconductor industry. Before his retirement, Lee served as general manager of Intel’s manufacturing subsidiary in Shanghai.

China Solar & Clean Energy Solutions announces new CFO

China Solar & Clean Energy Solutions Inc, a premier manufacturer and distributor of solar water heaters, renewable energy solutions, and space heating devices in China, today announced the appointment of Veronica Jing Chen as its chief financial officer (CFO), effective immediately.

Chen is a seasoned executive with more than 20 years of experience in accounting, finance, and general management. She had been CFO of China Valve Technology and Origin Agritech, two publicly-listed companies on US Exchanges with principal operations in China.

China Bio Energy to present at International PIPEs Conference

China Bio Energy Holdings Group, a leading manufacturer and distributor of bio-diesel and distributor of petroleum-related products including gasoline, diesel, and heavy oil in China, announced that management representatives, including its CFO Li Gaihong and Vice President of Finance Albert Pu, will present at the International PIPEs Conference 2009 on March 24, 2009 in Shanghai.

The International PIPEs Conference 2009, organized by DealFlow Media, is considered one of the most influential events covering cross-border investments in small-cap Chinese companies.
Shenyin upgrades Shanxi Guoyang to ‘outperform’ from ‘neutral’

(2009-03-23)

Shanxi Guoyang New Energy Co had its investment rating raised to "outperform" from "neutral" at Shenyin & Wanguo Securities Co on better-than-expected coal prices, according to a report distributed today.

China plans to build solar power plant in western desert town

(2009-03-24)

China plans to build a solar power plant in the country’s western desert as it taps renewable resources for its economic growth.

The government will pick a winner from 13 competitors to build a 10-megawatt plant near the ancient Silk-Road town of Dunhuang, Shi Lishan, deputy director general of Department of New and Renewable Energy of China's National Energy Administration, said at a conference in Taipei.

China aims for renewable sources, such as solar power, wind turbines, and hydro stations, to meet 15 percent of energy demand by 2020, from a projected 10 percent for 2010 and 9 percent last year, Shi said. The project is flagged as a model for China's efforts to harness solar energy in the country's deserts.

"We can build some similar plants in the west; the market is big," Shi said at a solar power conference. China will "definitely raise its target" for solar energy, he said.

Sunergy signs photovoltaic products deal

(2009-03-25)

Chinese solar cell products maker China Sunergy Co Ltd said it entered into an agreement to supply solar photovoltaic products to Global Service LTM LLC.

Under the agreement, China Sunergy will supply up to 35 megawatts of solar photovoltaic products to Taiwan-based Global Service from March until December 2009. The first 5 megawatts of the total 35 megawatts will be shipped to Global Service in the second quarter of 2009.

Guangdong Nuclear to explore uranium overseas

(2009-03-25)

China Guangdong Nuclear Power Group Co will add a uranium exploration business to the company's operations, the State-Owned Assets Supervision and Administration Commission said today on its website.

GD Power to spend 660m yuan for alternative energy

(2009-03-27)

GD Power Development Co, a major power producer and heating supplier in the country, announced on March 26 that it will pour 660 million yuan ($96.63 million) into several alternative energy projects through its subsidiary to further diversify its business portfolio.
Guodian Technology & Environment, in which GD Power holds a 49 percent stake, will build a polysilicon cell plant, GD Power said in a stock exchange filing. The plant, with an annual capacity of 5,000 tons, will be constructed in two phases, with the first phase scheduled to be completed by October 2010, the Shanghai-listed company said.

Guodian Technology & Environment, in which GD Power's parent China Guodian Corporation holds the remaining 51 percent stake, will also set up a wind power equipment and research and development facility in Lianyungang, in East China's Jiangsu province.

Guodian Technology & Environment, along with two partners, will also build a factory to produce gearboxes used in wind turbines. Total investment will amount to 1.34 billion yuan, of which GD Power will contribute 660 million, in accordance with its stake in the company.

The listed arm of GD Power, one of the country's five biggest electricity producers, will also set up a subsidiary in Zhuhai in South China, dedicated to the wind power development business, the company said in a stock exchange filing on March 26.

**China plans $7.32b nuclear plant in Guangdong**

(2009-03-30)

China Guangdong Nuclear Power Group Co, the smaller of the nation's two atomic power producers, plans to invest more than 50 billion yuan ($7.32 billion) in a plant in the Guangdong province to meet future demand.

The State-owned company is conducting a feasibility study on the project, which will have four 1,000-megawatt reactors, China Guangdong Nuclear said in a statement on its website.

China may increase its nuclear power capacity target to more than 75,000 megawatts by 2020 from an original goal of 40,000 megawatts.

The project in Shaoquan city will bring “safe, clean and efficient” energy to northern Guangdong, the nation's manufacturing hub, according to the statement from the company. And the province will increase its atomic power capacity to 24,000 megawatts by 2020.

China Guangdong Nuclear has established a wholly owned unit to ensure uranium supplies for the company's overall operations, according to a statement on March 27. The unit, China Guangdong Nuclear Uranium Co, has acquired licenses to import and export uranium, the statement said.

Uranium exploration and trading of the fuel will be classified as the Shenzhen-based company's main businesses alongside nuclear power production, the State-Owned Assets Supervision and Administration Commission said on March 25.

**Powering wind power**

(2009-03-30)

China will not stop investing in large wind farms despite insufficient electricity demand amid the economic downturn, said a senior official from the National Energy Administration (NEA).

Shi Lishan, deputy director of Renewable Energy Department of the NEA recently said that the current electricity oversupply does not alter plans to build more wind power bases. And the country's goal to raise its wind power generation capacity to 100 gW is still achievable, added Shi.
China Wind Energy Association Vice-President Shi Pengfei confirmed that China has started building six 10 gW wind power bases in these regions and provinces. Gansu province’s Jiuquan wind power base will have a 15 gW capacity by 2015, he said.

The Xinjiang wind power generation base in Hami will produce 20 gW of electricity. Inner Mongolia will have a 20 gW and 30gW wind power base in western and eastern part of the region, respectively.

Both Hebei and Jiangsu will each have wind power facilities capable of generating 10 gW but 70 percent of Jiangsu’s wind power capacity will come from offshore operations.

If all the wind power bases finish construction by 2020, wind will account for 3 percent of the country’s overall power generation capacity, up from 1.1 percent in 2008, said Shi, adding these facilities will cost one trillion yuan.

Domestic wind power generation capacity grew by 4 gW to 10 gW in 2008, the second fastest rate in the world, behind only the US.

Hebei is planning to attract 100 billion yuan worth of investment for its wind farm projects, which will give the wind-rich province a total wind power capacity of 12 gW by 2020, a senior provincial energy official said.

The province, one of the country’s key wind power bases due to its closeness to North China’s grid load center, will jointly fund the massive energy projects with nation’s top power firms and other investors, said Zhao Weidong, vice director of the Hebei Provincial Development and Reform Commission’s Energy department.

The province’s total installed wind power capacity reached 1.1 gW in 2008, the second most in the country, after Inner Mongolia.

The country’s five leading power generating groups, China Huaneng Group, China Datang Group, China Guodian Group, China Huadian Group and China Power Investment Group are all involved in wind farms projects in the province, said Zhao.

The largest existing projects are ones by China Energy Conservation Investment Corporation, which installed a 300 MW wind farm, and some slightly smaller ones build by Guohua Energy Investment Company (a subsidiary of China’s top coal miner Shenhua Group) and Hebei Construction Investment Corporation, said Zhao.

**Solarfun Power appoints new president**

(2009-03-31)

Solarfun Power Holdings Co Ltd, a vertically integrated manufacturer of silicon ingots and photovoltaic cells and modules in China, announced the appointment of Peter Xie as president, China. Xie joins Solarfun from NeoPhotonics Corporation.

**China Solar plans second listing in 2009**

(2009-03-31)

China Solar Photovoltaic SA plans another share offering this year to fund expansion, and the US main board is a possibility, its chief operating officer said on Tuesday.

The Chinese solar products maker plans to build wafer and solar cell production capacity of 50 megawatts each and add an additional 30-megawatt of silicon ingot capacity this year, costing $40-50 million, said B Veerraju Chaudary.
"We want to list in another stock exchange, that's the plan this year," he said. "We have not decided which one to go for. The options are the US stock exchange, Nasdaq and Euronext. The company may also obtain bank credit to help fund the project, he added.
CNOOC starts building chemical complex in Hainan

China National Offshore Oil Corporation (CNOOC), China's largest offshore oil producer, has started construction of a 5-billion-yuan ($732 million) chemical complex in Hainan province, a move that would further boost its investment in southern China.

The 2-million-ton deep catalytic cracking (DCC) project is located in Dongfang and is scheduled to begin operations in 2011. The project will produce propylene, liquefied petroleum gas and naphtha.

South China, especially the Pearl River Delta region, has always been an important region for CNOOC. A large portion of the company's oil reserves is in the South China Sea, analysts said.

The company's projects in the region include a 12-million-ton refinery and an 800,000-ton ethylene production plant. It also has oil reserve capacity of 5 million cu m there.

CNOOC plans to operate its first giant refinery in Huizhou, Guangdong province this month. The 240,000-barrel-a-day plant is now undergoing testing, an official with the company said yesterday.

The refinery was scheduled to start operations by the end of last year, but was delayed due to market uncertainty, the official, who declined to be named, said. Construction of the Huizhou plant began in late 2005. It is CNOOC's first large oil refinery project, involving a total investment of over 20 billion yuan.

The company plans to boost its annual capacity to 22 million tons from the current 12 million during the 12th Five-Year Plan (2011-2015) period.

CNOOC's sales revenue in 2008 rose 22.4 percent from a year ago to 98.3 billion yuan. The company's listed arm, CNOOC Ltd, said on Jan 20 that it planned to raise its 2009 crude and gas production by 16-18 percent, when new projects go on stream this year.

CNOOC's total capital expenditure is expected to touch $6.76 billion this year, an increase of 19 percent year-on-year.

CNOOC to invest 300b yuan in Guangdong

CNOOC will invest more than 300 billion yuan ($43.86 billion) in the southern Guangdong province in the next five years, said the company's chairman Fu Chengyu.

The investment will mainly go toward development of oil and gas fields under the South China Sea, construction of petrochemical projects in Huizhou city, and the building of a natural gas pipeline in the region, Fu said.

Guangdong is a key base for CNOOC's future development, said Fu. The company has invested over 120 billion yuan in the province, and in 2008 alone it invested 33 billion yuan in the region.
CNOOC refinery to start operation later this month

(2009-03-05)

CNOOC will begin operating its first refinery in Huizhou in South China's Guangdong province later this month, said the company's chairman Fu Chengyu Thursday in Beijing.

With a total investment of 19.3 billion yuan ($2.82 billion), the first phase of the refinery will have an annual refining capacity of 12 million tons per year.

CNOOC's practice in refining will no doubt strengthen competition in fuel sales, which are dominated by two bigger rivals, PetroChina Co and China Petroleum & Chemical Corp, analysts said earlier.

The low crude prices in the international market did not hamper the company's enthusiasm in investing in renewable energy, Fu said. "Instead, CNOOC will invest more in research and development," he said.

CNOOC sets up Doha office

(2009-03-08)

CNOOC has set up an office in Doha in Saturday. The company's general manager Fu Chengyu said at the opening ceremony that his company has secured LNG supply of 13 million tons a year up to date coming from the locally produced and import from Russia and Kazakhstan.

"But this can't satisfy the market demand. We plan to import 60 million tons of LNG each year by the year of 2020. We hope part of this additional volume come from Qatar," he added. China planned to import more liquefied natural gas (LNG) from Qatar in the coming years to feed the huge demand of domestic market.

CNOOC is the leading LNG company in China and is also the only company with facilities and capacity to receive LNG in China. Last June, CNOOC signed an agreement to import from Qatar 2 million tons of LNG each year for 25 years.

Qatar's Deputy Prime Minister and Minister of Energy and Industry Abdullah Al-Attiya expressed hope that the establishment of CNOOC's office in Doha will help strength the energy cooperation between the two countries.

Qatar is currently the biggest LNG exporter in the world with the production of 31 million tons each year. It is expected to produce 77 million tons each year by 2012.

CNOOC profitable with oil at $40

(2009-03-13)

CNOOC Ltd, China's biggest offshore oil producer, is profitable with oil prices at $40 a barrel, said Chairman Fu Chengyu today. "We are certainly making profit with oil at $40, only much less than with oil at $147."

Benchmark oil prices in New York are down $100 from the record reached in July as a global recession damps energy demand. Fields off China account for almost 90 percent of CNOOC's oil and gas assets. The company is due to report 2008 earnings on March 31.

State-controlled CNOOC is building its commercial oil stockpiles based on "its own development requirements," Fu said. CNOOC said in January it plans to produce the equivalent of as much as 231 million barrels of oil and gas in 2009 as new projects in China, Nigeria
and Indonesia come on stream. The Beijing-based company produced the equivalent of more than 92 million barrels of oil and gas in the first half of 2008.

CNOOC to raise $11.7b in debt financing

CNOOC aims to raise as much as 80 billion yuan ($11.71 billion) to finance aggressive expansion plans this year, a senior executive said on Thursday. The move comes as the company faces niggling cash flow problems and plummeting revenues following the collapse in world crude prices.

"We are currently preparing to issue mid-term notes. We have already submitted the application and we will make an announcement once we hear the result," said Wu Mengfei, the company's chief financial officer. The debt financing will be carried out over several stages, he said.

He said the move would help the company take advantage of falling steel and raw material costs and raise the pace of construction on a number of exploration projects along the Chinese coast.

Fu Chengyu, CNOOC's chairman, revealed recently that the company would invest a total of $16.5 billion this year, 26 percent higher than in 2008.

CNOOC is also looking at other potential refining projects across the country, and continues to eye a number of overseas acquisition targets, Wu said.

CNOOC starts new Bohai field production

Chinese main offshore oil firm CNOOC Ltd said on Thursday that it started production from its Bozhong (BZ) 28-2S oilfield with 4,000 barrels of oil per day via four wells. BZ28-2S, located in the south of Bohai Bay with a water depth of 21 meters, is the largest field among all the oil projects expected to come on stream this year offshore China, CNOOC said in a press statement.

The production is expected to ramp up to an average 25,000 barrels of oil per day by 2011, it added.

BZ28-2S was discovered in 2006 and is an independent field of CNOOC Ltd. The company said in December that it made a sizeable light crude oil and gas discovery at its Jinzhou 25-1 field in Bohai Bay.

CNOOC to cut non-core spending as profit drops

CNOOC will cut spending on "non-core" businesses as falling crude prices reduce cash flow and profit, said the company's chief financial officer.

The oil producer is increasing efforts to control costs after net income dropped in the first two months from a year earlier, Wu Mengfei, the company's chief financial officer said at a conference in Beijing today.
CNOOC will focus its spending on exploration, refining and liquefied natural gas, Wu said. The company plans to invest 15 billion yuan ($2 billion) in renewable energy projects, a company spokesman, who declined to be identified, said in December. CNOOC will increase capital spending by 26 percent to $16.5 billion yuan this year, chairman Fu Chengyu said on Feb 6.

The company will maintain spending for 2009 "for now," Wu said today. "I'm not saying we won't readjust it in the future and that will depend on factors such as the CPI and PPI, etc," he said.

CNOOC's profit rose 20 percent to $9.9 billion in 2008 on increased production and record oil prices, Fu said in February. Oil output will rise 14 percent to 48.05 million tons.

CNOOC starts production at offshore gas field

Production has begun at a gas field under the management of CNOOC Ltd in the South China Sea, the company announced Thursday.

The Panyu (PY) 30-1 field was yielding about 30 million cubic feet of natural gas per day, said a statement on the company website. The daily gas production of PY30-1 would gradually increase to 93 million cubic feet this year, said the statement. Peak production is expected to reach 160 million cubic feet per day.

PY30-1 is located in the Pearl River basin in the eastern South China Sea, about 240 kilometers southeast of Hong Kong. The average water depth is around 200 meters. The development facilities include one integrated platform and three sub-sea pipelines. Gas will be piped to an onshore processing terminal in Zhuhai, Guangdong province.

CNOOC Ltd has complete rights over the gas field and its products. Incorporated in Hong Kong, CNOOC Ltd is a listed subsidiary of CNOOC, China's largest offshore oil producer.

CNOOC starts Huizhou refinery,

Offshore oil firm CNOOC starts pumping crude into its first major refinery in southern China on Friday, and expects to run the 240,000 barrel-per-day plant at 70-80 percent from May, said company officials.

The start-up of the Huizhou plant comes after several delays and as Chinese fuel demand drops and a slowdown in exports from the world's third-largest economy hits factories and the transportation sector.

"We are not optimistic about domestic fuel demand. So a ratio of 70-80 percent of operations might be a realistic target," said one official, adding that the average operations at main Chinese refineries should be near 90 percent.

Earlier on Friday, CNOOC, parent of CNOOC Ltd, started pumping Chinese offshore crude Penglai 19-3 to the crude processing unit, one of the country's largest.

It takes roughly another one and a half months to start up all its 16 processing facilities, before the new refinery can enter normal operations, the officials said.

China's State oil firms will add nearly 1 million barrel per day (bpd) of new capacity by the end of this year with six plants, though more than half of them will start up in the second half.
The Huizhou plant is designed to process Penglai 19-3 crude, a highly acidic, metallic but low sulphur grade from a Bohai field operated by US firm Conocophillips (COPN) and 51 percent owned by CNOOC Ltd.

But as the field's production, forecast to flow at 165,000 bpd at peak, falls short of Huizhou's processing capacity, CNOOC may have to secure up to 40 percent of the plant's total crude requirement, when the refinery runs at full rates, officials said.

That will work out to nearly 100,000 bpd of crude imports. "We shall be looking at Africa, South America or Asia for crudes that are similar to Penglai," said the CNOOC official.

CNOOC discovers two new oilfields in Bohai Bay

(2009-03-27)

CNOOC Ltd announced today that it has started drilling in two new oil and gas formations discovered in East China's Bohai Bay. Both are independent exploration discoveries of CNOOC Ltd, the company said in a statement.

Bozhong (BZ) 2-1, one of the two discoveries, is at the west of Bozhong Sag. At the point of the discovery well, a 50.9-m layer of oil was found. The well drilled to a depth of 3,910 meters, with a water depth at about 26 meters.

The well was tested to have an output of an average 1,270 barrels of oil and 393,000 cubic feet of natural gas per day.

The other new discovery was dubbed as Qinhuangdao (QHD) 29-2, found at the southeast of Qinnan Sag. A 34.7-m oil layer and a 47.9-m natural gas layer were discovered at the new field, with drill down to a depth of 3,991 m, water depth at approximately 27 meters.

The QHD 29-2 field is expected to produce 3,930 barrels of oil and 15.2 million cubic feet of natural gas per day, the company said.

CNOOC appoints CFO Yang Hua president, replacing Zhou

(2009-03-31)

CNOOC appointed Chief Financial Officer Yang Hua as president, the company said in a statement in Hong Kong today.

Yang, 47, will replace Zhou Shouwei, 58, who becomes a non-executive director of the company and will chair the board's nominations committee.

Yang joined CNOOC in 1982 as a researcher after getting a bachelor's degree in Petroleum Engineering at the China University of Petroleum. Yang did his masters in business administration at the Massachusetts Institute of Technology's Sloan School of Management. Yang headed the company's Southeast Asian subsidiary before taking becoming chief financial officer in 2005, according to a statement on CNOOC's website.

"The appointment of Yang, who is acquainted with both technology and finance, will be positive for the company's future business development," said Wang Aochao, the Shanghai-based head of China Energy Research at UOB Kay Hian Ltd.
CNOOC net rises on higher prices

CNOOC Ltd, China's largest offshore oil and gas producer, yesterday said its 2008 net profit rose 42 percent because of growth in production and higher oil and gas prices last year.

The company's net profit touched a record high of 44.4 billion yuan ($6.5 billion), the company said in a statement to the Hong Kong Stock Exchange yesterday. Sales revenue in 2008 was 126 billion yuan, up from 91 billion yuan in 2007.

The Beijing-based company's oil and gas sales rose 38.1 percent in 2008, amounting to 100.83 billion yuan. The average oil and gas prices increased 34.9 percent and 16.3 percent year-on-year, to $89.39 per barrel and $3.83 per thousand cubic feet, respectively.

CNOOC President Yang Hua said the company saw "strong production growth and competitive cost structure" in 2008.

"Higher crude prices was the main reason for the company's good business performance in 2008," said Liu Gu, analyst with Guotai Jun'an Securities in Shenzhen. "We expect that its profit will drop by around 20 percent this year."

CNOOC to cut costs, boost oil output to survive ‘severe winter’

CNOOC will cut costs and boost oil production this year to help cushion a likely slump in profit as the global recession curbs fuel demand.

"In 2009, we continue to feel the pinch of a severe winter," Chairman Fu Chengyu said in his annual earnings statement today.

"We can't control or even influence the price of oil," Yang said at a media briefing in Hong Kong yesterday. "The only thing we can do is mind our own business and also control costs well."

CNOOC said the company's "healthy balance sheet and strong cash reserves" will allow it to increase spending on exploration and development this year. Capital expenditure may rise 19 percent in 2009 after gaining 34 percent to $5.15 billion last year, according to Fu.

Costs will be strictly controlled, exploration costs fell 0.7 percent to 3.4 billion yuan last year, CNOOC said in the statement.

CNOOC will be profitable with oil at $30 a barrel, Fu said. All-in costs stood at $19.78 a barrel last year, "still competitive compared with industry peers," the company said in its statement.

"We are boosting our capital expenditure amid the financial crisis to prepare for future demand," Fu said in Hong Kong. There are no delays in any of CNOOC's deepwater drilling projects, he said.

CNOOC expects to start 10 projects this year, including the OML130 oilfield in Nigeria in which it has a 45 percent stake, and the Tangguh liquefied natural gas project in Indonesia.

Oil production may rise by between 6 and 10 percent annually in the five years to 2015, Yang told reporters. The company plans to boost output by between 15 percent and 18 percent to as much as 231 million barrels of oil equivalent this year.
Meanwhile, the company will seize "good" overseas acquisition opportunities, while will still focus on domestic offshore fields in the long term, President Yang Hua said.

CNOOC contests Nigerian tax office on OML130 tax filings

(2009-03-31)

CNOOC Ltd has contested the tax audit assessment of a local office in Nigeria. The local tax office disagreed with the filings made for the OML130 lease in Nigeria, CNOOC said in a statement to the Hong Kong stock exchange today.

The Chinese explorer won't make provisions for any expenses that may arise because of the dispute, because the company has "reasonable grounds" in making the contest, according to the statement.
Capital injection for Sichuan power grid ‘insufficient’

The multi-billion-yuan government capital injection for the power grid in Sichuan province is not enough to cover huge losses caused by a string of natural disasters in the first half of 2008, said Zhu Changlin, who manages State Grid’s operation in Sichuan.

Recovery of the quake-hit Sichuan grid may require as much as 30 billion yuan ($4.39 billion). However, the compensation it received from the 4-trillion-yuan stimulus plan as well as the State-owned Assets Supervision and Administration Commission (SASAC), which oversees some 140 major State-owned enterprises, was 1.36 billion yuan and 2.85 billion yuan, respectively.

"The compensation is far from enough to cover that loss," Zhu said on the sidelines of the annual sessions of the Chinese People's Political Consultative Conference (CPPCC).

According to the China Electricity Council, the 2008 snowstorm and earthquake resulted in a total loss of 22.5 billion yuan for State Grid. Sichuan Grid alone suffered losses of 600 million yuan and 10 billion yuan from the snowstorm and earthquake respectively, Zhu said.

Green fuel policy proposed during the ‘two sessions’

China should chalk out national standards for methanol-powered vehicles, said Li Shufu, chairman of Zhejiang-based Geely Auto, a major domestic carmaker.

Li, a CPPCC member, proposed that the National Development and Reform Commission, the Ministry of Industry and Information Technology and Standardization Administration work out related policy and specifications to promote the use of methanol-powered vehicles.

"It will be an ideal way for a green future in the auto industry because methanol engine-equipped cars are much cleaner, and with lower R&D and production costs, compared with other types of new energy solutions," said Li.

Power use decrease slows in first two months

The volume of power consumption in China continued to dip in the first two months of this year but the downward pace was slower, said the Industry and Information Technology Minister Li Yizhong in Beijing Tuesday.

Combined power use in January and February fell 3.7 percent from the same period of last year, compared with a year-on-year drop of 17.5 percent last November and 8.7 percent in December, Li said at a press conference during the annual parliament session.

The country’s power consumption in February saw a 4 percent growth year-on-year, he said. However, the monthly rebound in February was not comparable as the Spring Festival holiday, which subdues industrial activity, fell in February last year but in January this year, said Li.

The "obviously slowed slump" shows "some positive signs" have emerged in the economy but the situation remains "grim" and the industrial sector is still "in a very difficult situation", he said. "We must not treat the difficulties lightly or easily talk about a recovery," said Li.
Environment watchdog calls off disputed power plant

China's environment watchdog has called off a controversial waste-fueled power plant in Beijing until further environment impact study is done and subject to public scrutiny.

The Liulitun project in the northwest of the Chinese capital must go through further feasibility study by experts and public scrutiny on a larger scale, said Zhu Xingxiang, head of the pollution prevention division under the Ministry of Environmental Protection, said on the sidelines of the parliament's annual full session.

The process of expert assessment and results of the public examination must be submitted to the Beijing municipal bureau of environmental protection for approval, he said.

The bureau then must inform the public if it chooses to approve the project, said Zhu at a press conference. “The project must not start without informing the public first,” he said.

As one of the four scheduled plants of its kind in Beijing, the project with an investment of 8 million yuan ($1.17 million) is expected to burn 1,200 tons of waste every day.

Residents in the neighborhood of the dump are worried about discharges from the plant and pollution to the underground water, and they also feared such a plant would kill their hope of closing the waste dump after living with the dump's stench for 10 years.

The power plant project was suspended by Beijing's environmental administration following protests from residents, saying it had to do more research on the environmental impact and solicit and consider the opinions of locals.

Yet, suspension of such projects had left the local government unsolved with growing pressure of waste disposal problem when dumps are getting filled up in the city. This is a growing dilemma faced by Beijing and other Chinese cities alike.

New energy should be given ‘top priority’

Senior officials yesterday called on the government to give the top priority to the development of new energy this year if the country was serious about easing its energy shortage and improving the environment.

Zhang Guobao, head of the National Energy Administration, said on the sidelines of the annual session of the CPPCC National Committee: "China should never falter in its effort to develop new energy, even though the current financial crisis temporarily cushioned the conflicts between energy supply and demand."

He added: "We should keep a close watch on the development of cutting-edge technologies the world over, and invest more to improve research and development capabilities."

Zhang warned if the country did not give the development of new energy its due importance, "we will find ourselves lagging behind the world within a decade".

At present, coal accounts for two-thirds of China's energy consumption, while new energy accounts for no more than 5 percent of the total, indicating a huge potential to help reduce the country's reliance on coal.

Last year, China imported 38.85 million tons of refined oil, an increase of 5.06 million tons from a year earlier, and its reliance on export for oil consumption reached 49.8 percent, 1.4 percentage points higher than what it was in 2007.
In the face of the escalating demand for energy, Zhang said it was "time to restructure the nation's energy mix" by exploring renewable energies and boosting clean energy consumption.

In Premier Wen Jiabao's government work report, delivered during the ongoing National People's Congress (NPC) session, he pledged that the country would vigorously develop a circular economy, clean energy and promote the development of nuclear, wind and solar power this year.

"Nuclear power is the most effective energy source to control greenhouse gas emissions, as its power generation process does not emit carbon dioxide directly," said Chen Yingxu, deputy director of the College of Environmental and Resource Sciences at Zhejiang University and a member of the CPPCC National Committee.
Beijing to build more efficient heating facilities

(2009-03-03)

Beijing will put into use 20 bigger and more efficient heating centers in the next two years in a bid to reduce pollution.

Ten such centers were in operation and the city planned to increase the number to 20 in 2009 and 30 in 2010, an official with the Municipal Commission of Development and Reform said Monday.

The 30 centers, replacing 670 small coal-fired boilers, would provide heating to 100 million cubic meters of housing in ten suburban districts, according to the official.

The city launched the project of building more efficient and less polluting heating facilities in Changping District in 2005.

The centers, equipped with desulphurization facilities, could reduce harmful smoke and sulphur dioxide emissions by 74 percent and 68 percent respectively, according to the commission. They were also 30 percent more efficient.

China designates 32 more cities as resource-scarce

(2009-03-05)

China's Cabinet has designated 32 more cities as resource-scarce, adding up the number of cities with this status to a total of 44, the country's top economic planning body announced today.

The central government will grant financial support to those cities through fiscal transfers, the National Development and Reform Commission (NDRC) said on its website today.

The NDRC, however, does not disclose the amount of the intended fiscal transfers. It says it won't designate more such cities in the near future.

The status of resource scarcity is being attached to cities whose economy used to be dependent on the extraction of raw materials, such as coal and metal, and thus now is facing serious economic difficulties when the supply of those raw materials ran low in recent years.

Huaibei, a coal-mining city in East China's Anhui province and Qitaihe, also a coal-rich city in Northeast China's Helongjiang province are among the 32 newly designated resource-exhausted cities.

Sino-US talks turning to action

(2009-03-09)

China and the US have called for strong cooperative efforts on energy efficiency since the two countries inked the milestone US-China Ten Year Energy and Environment Cooperation Framework in Washington last June. But energy and environment officials from both sides talked more about "should-dos" instead of "to-dos" in the discussions following the deal.

China and the US made some detailed commitments at a forum on "Developing Effective Mechanisms for Energy Efficiency Implementation in China" on Feb 26 in Beijing, focusing mostly on commercializing energy efficient technologies.
Such technologies offer a lot of room for the US and China to cooperate, said Jon Wellinghoff, acting chairman of US Federal Energy Regulatory Commission, at the forum.

His Chinese counterpart, Liu Qi, the deputy director of the National Energy Administration, said the two countries can also find common ground in the alternative energy sector.

China and the US are the world's two largest emitters of greenhouse gases and together consume one third of its energy.

Efficiency programs in the US could reduce energy demand there by 20 percent over the next 20 years, according to a US report. If China replaces 20 percent of the new coal-fired capacity it adds each year with Efficiency Power Plants (EPPs) it can meet demand growth at one-third the cost and at the same time save 51 million tons of coal each year and reduce annual CO2 and SO2 emissions by 140 million and 1.1 million tons respectively.

"China has ability beyond the US to scale up manufacturing in an environmentally-sound way as long as the US helps China develop the requisite technology," said Wellinghoff, "We can become trade partners in that regard and move energy efficient technology from the US to China," he added.

"We are looking at energy pricing structure in US as well as our electric market, and China has some interesting policies that deal with the issue," he said.

Officials from both countries pledged to take concrete measures instead of just talking, at the forum.

"There will be more actual contracts between the two governments in this regard under the new Obama administration," said Wellinghoff.

Pollution levels, energy use drop

China made progress in reducing its energy use last year according to a government report.

The National Bureau of Statistics (NBS)'s annual report, released late February, said energy consumption per unit of gross domestic product (GDP) fell 4.59 percent in 2008, slightly higher than the bureau's previous 4.21 percent estimate.

Even a small drop in China's energy use can save tens of millions of tons of coal. The Chinese government had earlier vowed to reduce its energy consumption by 20 percent per 1,000 yuan of GDP from 2005 levels, during the 11th Five Year period (2006-2010). But the country only cut it by 5.38 percent over 2006 and 2007, about a quarter of the five-year target.

But preliminary statistics showed that in 2008 China's emissions of sulfur dioxide (SO2) and chemical oxygen (COD), two major pollutants, have likely dropped 7 percent and 5 percent, respectively, from their 2005 levels.

The country's 11th Five-Year Plan requires they be reduced by 10 percent from the 2005 level by 2010. Deputy environmental minister Zhang Lijun said the country may surpass these targets before the deadline.

But China fell short of its target reductions of the two pollutants in the plan's first two years. The two indexes dropped only 2.14 and 3.16 percent, respectively, from 2005 level by 2007, less than the expected 4 percent.

Zhang said that the Ministry of Environmental Protection (MEP) has disapproved or postponed approval of 156 polluting or energy consuming projects.
China needs to "sprint" in 2009 to achieve its green goals, said Zhou Shengxian, environmental minister.

The country also closed inefficient production facilities in industries such as papermaking, coal and ethanol, since 2006, said Zhang.

China increased its capacity to treat medical waste (by 6 percent), residential waste (by 8 percent) and daily waste water (by 35 percent) since 2005, he added.

China's investment in ecological protection will increase to 1.53 trillion yuan from 700 billion yuan, according to the plan, and 350 billion yuan of China's 4-trillion stimulus package is earmarked for environmental investment.

"During the new round of investment we need to avoid polluting and energy-consuming projects," said Xie Zhenhua, vice minister of the National Development and Reform Commission (NDRC).

Wang Jinnan, general director of the Chinese Academy for Environment Planning under the MEP, said that the package's infrastructure projects must abide by relevant environmental policies from the beginning and environmental assessments of these projects should be stricter.

The NDRC has pledged to increase efficiency in the power sector and to push through more fuel price reforms, while closing down inefficient enterprises, echoing similar policies that have been in place for years.

The government vows to work to make the nation greener, introducing regional climate change programs, shutting small coal mines and power plants and continuing to experiment with cap and trade emissions programs.

Its efforts to increase efficiency include plans to enable power trade between provinces and to upgrade urban power grids.

According to the 11th Five-Year Plan, industrial demand for water should also drop 20 percent from 2005 to 2010, while forests should make up 20 percent of the country's total land area, up from 18.2 percent in 2005.

Many regional governments have already made ecological promises in 2009.

The Beijing municipality proposed decreasing its COD and SO2 by 2 percent and 3 percent in 2009. Hebei province plans to cut COD by 5.5 percent and SO2 by 5 percent while the Inner Mongolia autonomous region plans to cuts its COD and SO2 emissions to 80 to 90 percent of the 11th Five Year target levels.

New kangs conserve energy

A local government initiative to trade traditional adobe kangs (hot beds) for more efficient diao kangs will keep villagers in Heshun county a bit warmer this winter.

The Heshun government replaced 3,003 old kangs with new ones last year and will spend 1 million yuan replacing 10,000 more this year.

A "diao kang" is lifted several inches off the earth with bedposts, in contrast to the traditional kind, which is built on the ground and heated from below by an in-built stove burning straw, corn cobs, wood or coal.
Kangs are the only source of warmth in the winter in many Heshun homes, in North China's Shanxi province, but the traditional ones waste energy, pollute heavily and release carbon monoxide and other dangerous gases.

Diao kangs are designed to expose as much surface area, and heat, to the room as possible. They also warm up quicker and cool down slower.

"Every morning I put just a handful of straw into the kang stove and ten minutes later, the entire room is eight degrees warmer. The heat it produces warms the whole place, not just the mattress, and it stays hot much longer," said Zhang Jinguo, a farmer in Heshun county.

Zhang recalled that before the new kangs Heshun county was wreathed in smoke in the evenings. "Our table used to be covered with ashes from burning straws and wood, now we don't have to clean it every single time we touch it," he said.

The new kangs also save money. Zhang's family saved more than 1,000 yuan on their energy bills this winter, equivalent to about 15 percent of their annual income and ten times of the cost of transforming the bed.

The local government is paying to replace the beds and the homeowners provide the labor, said Mu Jinchun, an official with the county government.

Heshun county has enough coal reserves to power the entire nation for seven years, so it's hard to convince people of the need to conserve energy, said Mu. But people are starting to come around, he said.

The idea of efficiency is being extended to other areas of the county too, he added. The county closed 29 of its 61 coalmines over the last three years but boosted the coal recovery rate at the remaining mines from 30 percent to 75 percent.

"We need to stop wasting and do more with less," said Mu.

State Grid issues CSR guidelines

State Grid Corporation of China (SGCC), the first Chinese enterprise to formulate a corporate social responsibility (CSR) report in 2005, took the lead again to issue a guidance for CSR implementation, illustrating how the State-owned enterprise fulfills its social responsibilities.

In accordance with the requirements stipulated in the guidance, all SGCC departments and subsidiaries shall motivate employees to consciously fulfill CSR requirements in daily work, improve the implementation of CSR, promote sustainable development, and maximize the company's comprehensive value in economic, social and environmental aspects.

The guidance details SGCC's CSR strategy, which involves incorporating CSR into the corporate mission and culture, actively upholding eight fundamental principles, introducing CSR performance assessment, encouraging stakeholders' participation and arranging a CSR information disclosure mechanism and CSR index system.

Dongguan leads with new LED lamp, in effort to cut power use

Guangdong province is taking a leading role in China in developing light-emitting diode (LED) for public lighting systems.
LED is an electronic light source. It has lower energy consumption and a longer lifespan than traditional light sources.

Dongguan, a Guangdong city an hour’s drive north of Hong Kong, plans to outfit its municipal lighting system with LED road lamps over the next three years. The city will start by replacing 22,000 old road lamps with LED ones this year, according to deputy mayor Liang Guoying.

The new LED lamp will save about 60 percent of power consumption compared to the currently-used high-pressure sodium lamps.

"Dongguan is a big electricity consumer," Liang said. "The LED lighting system will help reduce power consumption per unit of GDP."

The municipal government estimates that when its entire lighting system is upgraded, the city will save one billion yuan on power spending every year.

But LED lamps are expensive, costing almost 10 times as much as common lamps. The Dongguan municipal government said it will subsidize 30 percent of the equipment purchase cost, to offset the new lighting's higher price. The rest will be covered by construction contractors. The city government will spend more than 110 million yuan on the project.

The city also wants to establish China's largest LED production base, which could prove a smart business decision since Guandong plans to upgrade 1,500 kilometers worth of road (or about 100,000 road lamps) with LED technology from 2009 to 2015, across the province (this figure includes the Dongguan municipal project).

Shenzhen, a Guangdong city neighboring Dongguan, also plans to develop a LED production industry.

DSD Lighting and Electronics Technology Corp, a company based in Shenzhen and focusing on LED lamp production and other alternative technology development, is a benefiting from these plans.

"DSD will probably see a significant profit increase this year thanks to various municipal government efforts to promote large-scale LED lighting systems," said Tony Yingxiang Hsiung, general manager of DSD.

Hsiung said his company has focused on the LED business for more than three years and that their products have been used in sports venues at the Beijing Paralympic Games, in Shanghai's downtown area and in Jiangxi, Anhui and Guangdong provinces.

The company is examining the commercial possibilities of residential use of LED lighting.

DSD signed a contract this month with Peking University Shenzhen Graduate School to jointly set up a LED research institute. DSD plans to invest $12.5 million in the institute.

Promoting energy-smart lighting systems is one of the country's ten key energy-saving projects during the 11th Five-Year Plan (2006-2010).

National Development and Reform Committee (NDRC) figures show that from the beginning of 2008 to January 2009, China has subsidized the use of 62 million energy-efficient light bulbs with 280 million yuan.

The move will save 3.2 billion kilowatt-hours of power consumption, 3.2 million tons of carbon dioxide emissions and 32,000 tons of sulfur dioxide emissions every year, said the NDRC.
Norway to buy carbon credits from Shenhua Group

(2009-03-31)
The Norwegian Ministry of Finance has signed an agreement to buy carbon credits from Shenhua Group, China’s largest coal miner, under the clean development mechanism (CDM), a statement on the State-owned Assets Supervision and Administration Commission’s website said on March 31.

The certified emission reductions (CERs) will be generated from four wind farm projects in Chicheng and Tongliao in Inner Mongolia autonomous region, developed by Guohua Energy Investment Co, a subsidiary of Shenhua Group.

The four projects are expected to generate over 400,000 tons worth of reduction of carbon dioxide emissions every year. The annual revenue is expected to reach 4.8 million euros ($6.33 million).

CDM, the carbon trading system established under the Kyoto Protocol, allows developed countries to achieve their commitments of carbon dioxide reduction through buying carbon credits from developing countries.

China passes 500 mark for UN clean energy projects

(2009-03-31)
China has passed a milestone in the number of UN-backed clean energy projects, with the world body approving more than 500 such schemes so far.

China has the highest number of such projects, which yield tradable carbon credits for investors in wind farms, solar power, small hydro, biomass or cleaning up planet-warming industrial gases.

The scheme, called the clean development mechanism (CDM), is part of the Kyoto Protocol climate pact and aims to help developing countries shift to low-carbon economies and also help rich nations offset their emissions by buying the carbon credits.

Each offset, called a certified emission reduction (CER), represents a ton of greenhouse gas pollution saved from being emitted.

As of late Monday, China now has 501 such projects registered, followed by India at 411 and Brazil with 156. Globally, the United Nations has approved 1,539.

Many of China’s registered projects are in hydro and wind power, with others designed to capture methane from coal mines, landfills and agricultural waste.

Hundreds more Chinese projects are in the pipeline awaiting formal approval by the United Nations.

To date, approved Chinese CDM projects have been issued with 119,400,810 CERs, representing more than 40 percent of the total issued to date globally by the United Nations, but still a fraction of China’s overall greenhouse gas emissions.
China to bolster oil reserves

China is accelerating the build-up of its oil reserves to avoid the economic dislocations the country suffered in 2008 from fluctuations in the world oil price.

China's National Energy Administration (NEA) recently released a plan to build nine large refining bases in coastal areas over the next three years, sources with the China Petroleum and Chemical Industry Association said last week.

The plan involves building three 30-million-ton refinery bases in three cities (Shanghai, Ningbo and Nanjing) in China's economically dynamic Yangtze Delta and six 20-million-ton bases in other coastal areas from Tianjin in the north to Guangzhou in the south. It will also facilitate major joint-venture refinery projects between Chinese companies and partners from oil-producing countries such as Venezuela, Qatar and Russia.

The refinery scheme is part of China's plan to bolster its oil inventories. The NEA announced at a national energy conference in early February that China will, in addition to the current four strategic petroleum reserve (SPR) bases, build eight new ones by 2011. The program will increase China's strategic crude reserve capacity to 44.6 million cu m, or 281 million barrels.

The country will also increase its refined oil reserve to 10 million tons by 2011, a source familiar with the stockpile plan said in February.

"China's attentiveness to its oil reserve capacity has grown in tandem with its rising dependence on imported oil," said Pan Jiahua, an expert with the Chinese Petroleum Society.

China, the world's second largest oil consumer, relies on imports for about half of its oil needs. It imported 178.9 million tons of crude oil in 2008, up 9.6 percent from the previous year, according to the National Development and Reform Commission.

The NEA's chief Zhang Guobao said in February that China still "badly needs" energy. His administration plans to ensure a 200-million-ton domestic annual oil output from 2009-11 but the trend of growing dependence on imported oil will remain. China is expected to import 60 percent of its oil in 2020.

"The country should take advantage of falling global energy prices to increase its oil reserves, " Zhang wrote in a signed article in January.

Where China's new eight SPR tanks will be built so far remains unannounced, although there has been a lot of guesswork. All four existing SPR bases are in coastal areas but Pan said some of the new ones will likely be built in the hinterland.

Zhao Youshan, head of the petroleum distribution committee of the China General Chamber of Commerce, an industry group, recently submitted a proposal to oil-related government agencies, calling for using tanks controlled by private companies to store more cheap oil.
China has massive private oil storage facilities, built up by oil companies since China opened its oil markets to private operators in the mid-1990s. But State companies, mainly China National Petroleum Corp (CNPC) and China Petrochemical Corp (Sinopec), basically control oil-importing licenses and hundreds of private oil distributors and refiners are currently sitting on empty tanks.

40 projects under China’s petrochemical stimulus package

The Chinese government said it would speed up the development of 40 petrochemical projects from 2009 to 2011 as part of the country's stimulus plan for the industry approved last month.

These projects include 20 that are already under construction. The others are still in the planning stage. They are involved either in oil refining, production of chemical substance such as PX, PTA, ethylene, or fertilizer.

Under the stimulus package, the government will begin construction or expand the capacity of five refineries, respectively in Guangdong, Xinjiang, Fujian, Tianjin and Guangxi.

The petrochemical sector is expected to see industrial added value growth of 15 percent annually from 2009 to 2011, according to the plan.

By 2011 the added value of the industry will amount to 1.75 trillion yuan ($256 billion) a year.

Flexible energy charges to help aluminum industry

Fifteen aluminum producers will soon be allowed to negotiate directly with power plants to set electricity charges, according to the National Development and Reform Commission and the Ministry of Industry and Information Technology.

Electricity accounts for 40 percent of the total cost of the aluminum producers. Experts said businesses are expected benefit a lot from the new policy if they can convince power companies to cut unit price by 0.04-0.05 yuan.

China to consolidate refining sector

China will consolidate its refining sector as small oil refineries will either be forced out of business or be taken over by majors, the country's top energy official said on Thursday.

The comment from Zhang Guobao, head of the National Energy Administration (NEA), comes amid falling fuel demand in the world's second-largest oil consumer, which is pushing for its State-owned oil majors to build new and bigger refineries.

"One scenario is that these small plants will not be able to survive with changing oil prices; or they may be acquired by big national oil companies," said Zhang.

China's small oil processors, in the number of nearly 100 and deemed inefficient and polluting, have survived rounds of the government's consolidation attempts in an oil market that has suffered frequent shortages in the past decade.
Zhang also said the government will not change the current windfall tax on domestically produced crude oil.

Oil firms PetroChina and Sinopec Corp had hoped the central government would raise the level at which the tax levy kicks in, from $40 barrel, or even cancel the levy when global oil hovered near $140 last summer, to help firms make up for their heavy losses in the refining business.

Now that oil has fallen back to near $40 a barrel, the call for change of the tax mechanism becomes less pressing.

"There are disagreements on how to change the tax, the Ministry of Finance wanted to keep it, some others proposed to raise the levy point, while oil firms hoped to call it off," Zhang said.

**China to further reform power pricing system**

*(2009-03-05)*

China will further reform its electricity pricing system, said Chinese Premier Wen Jiabao today.

The country will improve its mechanism for on-grid power prices, transmission and distribution power prices, on-sale power prices, he said.

The country will speed up the development of clean power such as nuclear power, wind power and solar power.

**China to boost Russia energy links**

*(2009-03-06)*

China will renew its deals with Moscow for energy resources before the end of this month, said the Chinese ambassador to Russia yesterday as he hailed the unbreakable link between the two nations.

The agreements will include a long-term crude oil trading pact and a project to build a new pipeline, said ambassador Liu Guchang.

"It marks a major breakthrough in bilateral energy cooperation," he said, "and reflects the strengthened and practical efforts of two countries in coping with the sharp drop in trade caused by the global financial crisis."

And he added with gusto: "No matter how grave the economic crisis is, it will not affect the energy cooperation between China and Russia."

Liu said the move was a crucial part of a high-level strategic partnership, adding: "China's energy security is key to the country's sustainable development. For Russia, the Chinese market is the most stable, has the most potential and is the most geographically convenient."

On Feb 17, China signed a $25-billion energy deal with Russia in Beijing that will see it secure 15 million tons of oil - 300,000 barrels a day - from Moscow for the next 20 years in return for loans.

Pan Zhanlin, a specialist on Sino-Russian relations and ex-Chinese ambassador to the former Yugoslavia, hailed the energy cooperation, adding that the implementation of the agreement is crucial.
Crude oil reserve base likely in Gansu

China may build a strategic crude oil reserve in the northwestern Gansu province as part of the country’s plan to add eight new oil stockpiles by 2011, said a local official.

The reserve is likely to be built in the Hexi Corridor region, and a feasibility study is currently being done on the proposed project, said Li Jianhua, Party secretary of Jiuquan city.

Two cities in the province, Yumen and Wuwei, will likely be shortlisted for the reserve project, said Li.

Meanwhile, China National Petroleum Corp has started constructing a 1.8-million sq m commercial crude oil reserve in Gansu, he said.

These facilities in Gansu province would make it an important oil reserve base in western China, he said.

The National Energy Administration (NEA) announced at a national energy conference in February that China would build eight new crude oil reserves by 2011. The program will increase its strategic crude reserve capacity to 44.6 million cu m.

The eight reserves will form the second batch of the country’s strategic oil reserves plan. However, so far only two sites, Jinzhou in Liaoning province and Huangdao in Shandong province, have been disclosed to the public.

Analysts said the second batch of the reserves plan would include some sites in inland areas.

China’s leading oil companies, PetroChina and Sinopec, have all started increasing their commercial oil reserves. China is also to increase its refined oil reserve to 10 million tons by 2011.

Wen: Energy agreement with Kazakhstan likely

China is expected to sign an agreement with Kazakhstan on finance, energy and resources cooperation within this year, Premier Wen Jiabao said today.

Countries of the Shanghai Cooperation Organization should join force to cope with the expanding financial crisis, Wen said.

He added these countries should strengthen cooperation in a number of areas, such as energy, resources, infrastructure, agriculture and high technologies.

Private refiners likely to join oil reserve plan

Six private oil refiners, each with processing capacity above 200,000 tons, were proposed to the National Development and Reform Commission as choices for the oil products reserve tanks, according to Zhao Youshan, president of the oil circulation committee with the China General Chamber of Commerce.

Together, they can hold up to 2.3 million tons of refined oil products, Zhao said. Analysts suggest that the government should talk to non-State oil refiners to use their idle storage capacity to take advantage of plunging crude prices.
Renewable energy sector gets a big push

China will construct two hydropower stations and two wind farms with a total capacity of 2,001 megawatts in a bid to increase the share of renewable energy in the national energy matrix.

The National Development and Reform Commission (NDRC) said on its website yesterday that it has approved construction of the Luding Hydropower Station (four units of 230 megawatt each) in Sichuan province and the Dongjing Hydropower plant in Guizhou province, consisting of four units each with 220 megawatt capacity.

The two wind farms, the Rudong wind farm in Jiangsu province and Guyuan wind power station in Hebei province, are of the same capacity, at 100.5 megawatts.

Zhang Guobao, head of the National Energy Administration, said on the sidelines of the annual session of the CPPCC National Committee that it was "time to restructure the nation's energy mix" by exploring renewable energy alternatives and boosting clean energy consumption.

Premier Wen Jiabao had last week said China would persist with energy conservation efforts, reduction in emission and environmental protection even as it tries to limit the economic slowdown. The country would accelerate the development of clean energy, the Premier had said.

Developing new sources of energy is important to restructure the energy mix and expand domestic demand, said Ren Dongming, vice-director of the Renewable Energy Development Center, Energy Research Institute, the NDRC.

The 4-trillion-yuan stimulus package includes a 210-billion-yuan investment in energy conservation and ecological engineering, the NDRC said.

"Part of the 210-billion-yuan spending that was distributed between November 2008 and March 2009 went to local wind turbine manufacturing and household biogas in rural areas," said Ren.

China welcomes new energy cooperation with multinationals

Vice Premier Li Keqiang said Wednesday that China welcomed expanded cooperation with multinationals to develop new energy sources.

Li made the remarks when meeting with Charles Holliday, chairman of the board of US-based chemical company DuPont. "China has taken measures to cope with the impact of the international economic situation," Li said.

Li said China hoped DuPont and other multinationals would take the opportunity to increase investment in China and expand cooperation in new energy and other areas. "I hope this will achieve a win-win result," he said.

Power tariff curbs

China's provinces and regions have been banned from offering preferential power prices to struggling local industries from March 15, the National Development and Reform Commission said in a notice posted on its website.
It said that in order to stimulate their struggling economy, "certain provinces have taken it upon themselves to draw up measures offering preferential power prices to high-energy consuming industrial enterprises" in a way that "creates pricing policy disorder and price signal distortions".

The preferential prices also hindered China's longstanding efforts to restructure inefficient heavy industries, the notice said.

**Shanxi to freeze coal output capacity expansion**

(2009-03-20)

China's major coal production base of northern Shanxi province plans to freeze its coal output capacity by the end of this decade after several years of expansion, the province's coal industry administration said on its official news portal.

The province will also by 2010 have more than 75 percent of its coal produced at large mines by lifting the average output capacity of the region's coal firms to at least three million tons a year, the administration added in the report dated March 17.

It plans to establish 2-3 mega-sized coal groups with annual production capacities in excess of 100 million tons, and 3-5 large-sized coal firms with capacities of over 50 million tons, the industry body said.

The number of coal mines in the province will also be further reduced to within 1,500 - around half the current level - by the end of next year, it added.

Shanxi province produces around a quarter of China's coal, which last year totaled 2.62 billion tons.

The administration's plans comprise its latest drive to cope with oversupply in the domestic market and to deal with less efficient.

**Russia may close China oil loans deal in month**

(2009-03-23)

Russia may soon complete an agreement for the world's largest energy exporter to supply China with oil in return for $25 billion of loans, Russia's energy minister said.

An intergovernmental accord needs to be signed before the State-run Russian companies OAO Rosneft and OAO Transneft can receive the funds, Sergei Shmatko said in Moscow late March 20. "I think this will be done in about a month's time," Shmatko said.

Rosneft, Russia's largest crude producer, and Transneft, the oil pipeline operator, agreed last month to supply China with 15 million tons of oil a year for 20 years and to build a branch from a pipeline through eastern Siberia to the Asian country. China Development Bank Corp should provide $25 billion in loans in exchange under the accord.

Oil supplies to China from Russia under the deal won't begin this year or next year, Shmatko said. Russia still needs to complete a new pipeline through eastern Siberia and build a spur to China.

China National Petroleum Corp bought $500 million worth of shares during Rosneft's initial public offering in July 2006. The Chinese company extended a $6 billion loans-for-oil deal to Rosneft in December 2004, at a time when OAO Yukos Oil Co was being dismembered under back-tax claims.
China raises gasoline, diesel prices

China said it would raise benchmark retail prices of gasoline and diesel by 290 yuan ($42.46) per ton and 180 yuan per ton, respectively, as of midnight March 24.

It is the second oil price adjustment this year. The National Development and Reform Commission, China's top economic planner, cut benchmark pump prices of gasoline and diesel by 140 yuan and 160 yuan per ton, or 2 percent and 3.2 percent, respectively, on Jan 14.

Experts said more frequent price adjustments show China can respond quicker to international oil price changes after a new pricing mechanism took effect Jan 1, 2009.

Under the new mechanism, China's domestic prices are to be "indirectly linked" to global crude prices "in a controlled manner."

China to have electricity surplus in most regions this year

China, the world's second-largest energy user, will face power surplus in most regions this year as the slowing economy curbs demand, the nation's top economic planner said.

Power generators' utilization rate will drop further this year, the National Development and Reform Commission said in a statement on its website today.

China launches new solar subsidies

The Chinese Ministry of Finance revealed a new subsidy for installed solar in order to encourage the rural and urban markets to adopt the technology. Solar projects larger than 50 kilowatts of output will be eligible for a subsidy of 20 yuan ($2.90) per watt, said a statement on the ministry's website.

Shanxi to halve its coalmines

Shanxi province, which produces one-fourth of China's coal, vowed to speed up the overhaul of its coalmines, cutting the number by more than half by the end of 2010.

"We plan to shut down the unsafe and low-productive coalmines, narrowing down the number from 2,598 (at the end of last year) to 1,000 in two years," Wang Shouzhen, chief of Shanxi coal bureau, was quoted by the Shanxi Evening on March 26.

"Earlier, we planned to cut the number to 1,500 at the end of 2010, but decided to speed up because of mounting pressure to abide by safe production norms," he said.

Mines without water inrush accident control and gas monitoring systems will be blacklisted, following Shanxi coal bureau requirements.

There were 117 mine accidents in Shanxi, resulting in 275 deaths, last year, according to the bureau. The latest gas blast killed at least 74 miners in Guijiao, 60 km west of Taiyuan, Shanxi's provincial capital.
Experts say unlicensed production, a disregard for the law, besides neglect of industry regulations, lack of supervision and corruption and low safety awareness of people, are the major causes of accidents.

The certified production capacity of Shanxi is 590 million tons, but the existing mines only have a total production capacity of 539 million tons.

To meet the demand, many of Shanxi's coal miners, especially State-owned ones, are operating beyond their certified production capacity - a potential threat to mine safety, according to Wang.

Following the overhaul, Shanxi would have 17 super coal company groups, including three with a capacity of more than 300 million tons.
Chinese economy could expand in cost-effective manner

(2009-03-01)

Although China had a series of infrastructure programs kick off this year, the economy could still expand in a cost-effective manner, Steven Kline, said vice president of US leading utility firm PG&E Corp.

"A kilowatt-hour saved from energy efficiency does just as much work as a kilowatt-hour from a power plant. But a kilowatt-hour from energy efficiency does not produce any greenhouse gases, and does not require the construction of a power plant or transmission lines," Kline said.

His company took an active part in the China-US Energy Efficiency Alliance, a non-profit organization aimed at fighting global climate change by promoting energy efficiency as the cleanest and least expensive energy resource in China.

The current energy efficiency level in China was around 33 percent, about 10 percent lower compared with that of developed countries. The Chinese government has set a goal of reducing energy consumption per unit of GDP by 20 percent in the five-year period from 2006 to 2010. The country's energy consumption per unit of GDP dropped 4.59 percent in 2008.

John Chu, a senior energy industry analyst, said China’s 4-trillion yuan ($586 billion) economic stimulus package announced in November was a reasonable solution amid the global economic recession and it was not contradictory to the country's goal of improving energy efficiency.

"The government stresses economic restructuring in the implementation of the stimulus plans and does not encourage those high-energy consuming industries to expand," said Chu, information director of Shanghai-based C1 Energy Co Ltd.

Oil firms expect more profits in 2009

(2009-03-02)

China's three major oil companies - PetroChina, Sinopec and CNOOC - can expect better revenues this year due to a rebound in domestic demand and relatively stable oil prices, according to experts.

"The top three oil companies’ profits will increase this year," said Lin Boqiang, an energy professor at Xiamen University.

Figures from the China Petroleum and Chemical Industry Association suggest that the three companies are expected to have combined profits of 222.8 billion yuan in 2008, a decrease of 31.3 percent from a year earlier.

The country's petrochemical industry posted negative income growth in December 2008, the first decline in 10 years, said the association.

Sinopec, which has the most oil refineries in China, saw "great losses in the oil refining business" due to the gap between high global crude prices and the domestic-controlled refined oil prices in the first half of 2008, said a company statement.

In the second half of the year price and demand for chemical products declined significantly, causing a massive decline in the company's profits, said the statement.

High oil prices in the first half of 2008 and weak demand since October are two reasons for oil companies' bad performance, said Lin with Xiamen University. "But this year things are getting better," he said.
China’s demand for oil, gas and petrochemicals will grow this year, as the domestic economic situation improves, said Lin. Oil price will likely average $60 a barrel this year, far below their record high level of $147 a barrel in July 2008, he said.

Liu Gu, an energy analyst with Guotai Jun'an Securities in Shenzhen, had her own separate forecast for the three companies. “Sinopec's profits will grow 100 percent this year compared to last, CNOOC will see a 20 percent decrease and PetroChina will have almost the same profits as last year,” she said.

Liu said international crude oil price will have the biggest effect on the three company's business performance but other factors such as windfall taxes may also play a role. The stimulus package for the petrochemical industry will give them a boost, she said.

China approved a stimulus package for the country's petrochemical industry on Feb 19. The country will speed up construction of some large-scale oil refining and ethylene projects as part of the package.

China will also close outdated manufacturing facilities in the sector and take measures to moderate development of the coal-to-chemical industry, by not granting approval for projects that only aim at production expansion.

"Although the stimulus package that has already been publicized is not very detailed, it has already impacted the industry by improving the investment environment," said Liu.

Time to shop for energy assets

The unprecedented nosedive in international oil prices triggered by the global credit crisis offers a golden opportunity for China to acquire overseas oil assets at minimal cost, said analysts.

China’s oil companies are trying to fill up reserves by targeting foreign crude oil and oilfields, taking advantage of international prices that have plummeted to around $40 a barrel, significantly lower than the expected $50 a barrel.

Many international oil corporations need large amounts of cash from potential investors and Chinese oil companies supported by government funds are flush with it, said Lu Ya, an energy analyst with Deloitte.

"Now is the best time for China to solve its energy supply problem. China is becoming a big oil importer and that will not change in the foreseeable future," said Lu.

Oil and gas investments in the Middle East are still the most favorable assets but Chinese oil producers and refiners are seeking opportunities in other major overseas oil reserves.

China is the world's second-largest energy consumer and experts say the country imports over 50 percent of its oil. Total oil consumption will likely reach 600 million tons and natural gas consumption 3000 billion cu m by 2020.

Falling power demand shows slow economic recovery

Five provinces and regions in China's south saw a sharp decline in electricity consumption in the first two months this year, indicating that economic recovery had been slower than expected, China Southern Power Grid (CSPG) revealed Saturday.
CSPG statistics show Guangdong, Guangxi, Yunnan, Guizhou and Hainan consumed 68.6 billion kilowatt-hours in the two months, down 2.6 percent from the same period last year.

Factoring in decreases by factories and high energy-consuming plants to ensure household supplies during the severe winter weather last year, the decrease rate was actually 12 percent, said a report from CSPG to the State Electricity Regulatory Commission.

The statistics show consumption by Guangdong fall 8.9 percent, while that by Guangxi was down 12 percent and Yunnan 1.6 percent. The three are considered as economically developed regions and big power consumers.

The decline showed the global financial crisis was still having a lingering impact on the regional economy, said the report.

However, the decrease rate was relatively lower in February. It would take longer to see whether the regional electricity consumption would resume growth, said the report.

Total electricity consumption in China grew 5.23 percent in 2008, 9.57 percentage points lower than the year before, the slowest in eight years, according to a report released by the China Electricity Council (CEC) last month.

China would see a power glut in 2009 as the global economic downturn forced factories to scale back output and electricity consumption, the CEC report said.

**China’s oil imports limited by storage capacity**

Limited storage facilities are hampering China’s efforts to import large volumes of oil while world prices are relatively low, an official with the Guangzhou customs house told an energy conference in Haikou Friday.

Zhong Yanming, head of data analysis of the statistical department of the customs office, made his comments at a meeting on the liquefied petroleum gas industry in this capital city of south China's Hainan province. The three-day event, due to end Friday, was sponsored by the municipal petroleum council of Guangzhou.

Zhong said after peaking at 4.7 million tons in May, refined oil imports fell from August to November, when they bottomed at less than 2 million tons. The import decline happened even though oil prices were plunging from their July peak of about $147 per barrel. This paradoxical result was due mainly to low storage capacity, Zhong noted.

Although it has built four national bases for oil storage, China can only maintain reserves equivalent to a week’s use, in comparison with 150 days in the United States and 200 days in Japan, according to Zhong.

The National Development and Reform Commission, China's top planning agency, has said that the goal was to increase reserves to a level equivalent to three months of imports.

China has established a center to manage its strategic oil reserves. The center is in charge of stockpiling crude and releasing reserves, as well as monitoring domestic and global oil supply and demand.

Earlier media reports said China had started planning the second phase of its strategic oil reserves. This would include a number of bases in the western regions, including Lanzhou in Gansu Province.

According to the China Petroleum and Chemical Industry Association, the country produced nearly 190 million tons of crude last year, up 2.3 percent year-on-year. Imports rose 9.6 percent to 179 million tons.
China oil reserve full, sea storage needed

(2009-03-09)

China has filled its first 100 million barrels of onshore emergency crude oil tanks and the government should use some of its foreign exchange reserves on floating storage, an industry executive said on Monday.

The rare acknowledgement of China's strategic oil reserve levels indicated that the world's No 2 energy user has been making good use of oil's $100 price fall to boost supplies while demand falters in an unfolding economic crisis.

The central government is also making good on its pledge to better use its massive foreign exchange reserves to stock up key commodities from grain and metals to crude oil.

China Shipping (Group) Co President Li Shaode said on Monday that he had proposed that the government use some of its foreign exchange reserves on floating oil storage because the onshore tanks were full.

"The four onshore reserve bases have been fully filled, so we need to invest urgently in floating storage," Li said.

Analysts believe China's crude stockpile was much bigger than the 100 million barrels - about one month's imports - the four coastal sites can accommodate, and expected stockpiling to continue in the next 20 months or so as new tanks come on line.

"We expect China's oil stockpiling to reach a peak in 2009, and continue into the next year," said Yan Kefeng, Beijing-based senior oil analyst with Cambridge Energy Research Associates.

No big fluctuations likely in crude prices this year

(2009-03-11)

International crude prices are not likely to see big fluctuations this year and are expected to remain at a relatively low level, according to Cao Xianghong, senior consultant and former senior vice-president of Sinopec Corp.

"There is some possibility that crude prices will experience a small surge, but I believe it won't go past $90 a barrel," he said.

Oil prices have traded in a narrow band of around $40 since mid-December last year, hit by the falling demand due to the global economic downturn but drawing some support from expectations that OPEC might cut output again when it meets on March 15.

"Long-term low oil prices have increased chances of energy insecurity," Cao said. Oil producers will cut production to boost prices, and when the economy recovers, crude prices will soar to unacceptable heights, he said.

"By then, it may even be higher than the $147.27-a-barrel-record in July last year," he said.

Price cut for oil products likely

(2009-03-14)

China may cut the pump price of gasoline and diesel this month, making it the second price adjustment this year.
The central government is expected to make at least four price adjustments in refined oil products this year, and the second one is due this month, the Guangdong-based New Express Daily reported on Friday.

"There is room for a price cut in gasoline and diesel. In my opinion it will range between 200 yuan to 300 yuan per ton," said Zhao Pengcheng, an analyst with TX Investment Consulting Co. China's largest oil refiner, Sinopec, could now make a profit of 750 yuan to 800 yuan for refining each ton of crude, said Zhao.

The nation should make refined oil price adjustments more frequently to check the oil smuggling by some small enterprises, said Han Xiaoping, a veteran energy analyst.

China cut benchmark retail gasoline and diesel prices by 2 percent and 3.2 percent respectively in January, the first since the new pricing mechanism for refined oil products took effect.

Gasoline prices were reduced by 140 yuan per ton, and that for diesel cut by 160 yuan per ton. At that time global crude prices were around $40 per barrel.

Some analysts said compared with domestic gasoline prices, the cut in diesel prices is more "urgent".

In the southern provinces like Guangdong, diesel smuggling has been on the rise, said Fan Xiaoping, an official with Guangdong Petroleum Industry Association.

Though China's crude prices are fully linked to international prices, refined oil prices are still controlled by the government. The gap between the two pricing systems has caused many difficulties for domestic oil companies.

This year China began to levy the long-awaited fuel oil tax. Analysts said under the new pricing mechanism China's domestic prices are to be "indirectly linked" to global crude prices "in a controlled manner".

Gas price hike on cards

China will raise gas prices within the year, industry insiders said yesterday. The current low price scenario for natural resources offers a good opportunity to make price adjustments now, they pointed out.

It is the right time for China to hike natural gas prices, said Lin Boqiang, energy professor with Xiamen University. Since the prices of gasoline and diesel are relatively low now, any rise in the price of natural gas will not affect domestic consumers much, he said.

The country should further reform its natural gas pricing mechanism to ensure healthier development of the industry. Currently, the pricing system is "very messy", Lin said. "I believe this round of price adjustment will not be very huge," he said.

The State-capped natural gas prices are less than half of the international prices. The National Energy Administration (NEA) had said earlier that reforming the gas pricing system would be "its key task this year".

NEA head Zhang Guobao had said "China should build a reasonable natural gas pricing mechanism as soon as possible".

Analysts said the country's rising imports of the fuel would end up further linking its gas prices to the international prices.
Last year, China started building its second west-east gas pipeline, the largest of its kind in the world. The project will cross 14 provinces, autonomous regions and municipalities. It will carry 30 million cu m of natural gas every year from Central Asia and Xinjiang to the eastern and southern areas, including Shanghai and Guangdong.

The price of natural gas imported from Central Asia through the pipeline would be higher than current gas prices in China. PetroChina, the project builder, is now conducting studies to decide the terminal gas cost of the project, an official with the company told China Daily yesterday.

"It (the terminal price of the second pipeline) will be higher than the current prices," said the official, who did not want to be named.

Zhang Guobao, also vice-minister of the National Development and Reform Commission, said in February that the government would work out the terminal price of the second pipeline by the end of this year.

China's production of natural gas rose 12.3 percent year-on-year to 76.1 billion cu m in 2008 as the government promoted cleaner energy, according to the China Petroleum and Chemical Industry Association. The annual growth rate was down from 23.1 percent in 2007.

The country will increase its natural gas production to 120 billion cu m in 2011, a three-year plan chalked out by the NEA has outlined.

### Sinopec’s 2009 profit may double on pricing changes

China Petroleum & Chemical Corp may double its profit this year, rebounding from the first decline in seven years, as it benefits from relaxed fuel price controls and declining crude oil costs, analysts said.

Sinopec, as Asia's largest refiner is known, may post net income of 46.2 billion yuan ($6.8 billion) in 2009.

Crude oil prices have slumped 64 percent from July's record while government rule changes will allow refiners to pass on additional raw-material costs to consumers. Sinopec, supplier of 80 percent of China's fuel, will gain more from the relaxation than PetroChina Co or CNOOC Ltd, which draw most of their revenue from oil production.

"We are going to see a big improvement this year at Sinopec," said Grace Liu, an energy analyst at Guotai Junan Securities in Shenzhen. "The new pricing structure will really help its earnings recover."

"Sinopec remains our top buy," analyst Wang Aochao at UOB KayHian Investment Consulting in Shanghai wrote in a report on China's big three oil companies published on March 9. "From an earnings perspective Sinopec will be the only one to book earnings growth in 2009."

As an oil producer, CNOOC's earnings are correlated to oil prices, Wang said. "Earnings started to drop significantly in the fourth quarter, with oil prices falling below $60 a barrel," he said.

Exploration and production account for at least 80 percent of CNOOC's revenue, about 11 percent at PetroChina and 2 percent at Sinopec, according to the companies' 2007 earnings reports.
The refiner's unlisted parent, China Petrochemical Corp, said today its first-quarter performance is "better than expected" and the country's demand for some oil products is recovering. The Beijing-based company had "stable" profit growth in the first two months of this year and expects to post a gain in the first quarter, it said in a statement.

Under the revised fuel pricing system that started Jan 1, a guidance band for retail prices was replaced with a market-based ceiling that takes into account the cost of crude oil. The system guarantees refiners an "appropriate" profit, the government said Dec 18.

The earnings outlook for China's oil producers as the financial crisis plays out is brighter than the country's banks and retailers, said Larry Grace, an independent energy analyst based in Hong Kong.

"These companies have good cash flows and how many can you say that about these days?" said Grace. "Compared with banks and retail and the like, which are not too sexy as investments now, the Chinese oil companies are a much safer bet."

Oil majors may report poor earnings

Industry heavyweights in the oil business may post poor earnings results for 2008, analysts have said.

Seven industry behemoths, including PetroChina, Sinopec, China Shenhua Energy Co and China Life, which together account for more than 40 percent of the market capitalization at the bourses, are scheduled to release their 2008 earnings results this week.

"The companies in the oil and petrochemicals sector have experienced a tough time in 2008," said Qian Qimin, analyst, Shenyin & Wanguo Securities. However, he said "the market may have already discounted such gloomy news to some extent."

Sinopec, the country's largest oil refiner, warned in January that earnings may decline by up to 50 percent due to the disparity between high global crude prices and low domestic refined oil prices during the first half of 2008.

Data from the China Petroleum and Chemical Industry Association suggest that China's three major oil companies - PetroChina, Sinopec and CNOOC - are expected to post combined profits of 222.8 billion yuan in 2008, a decrease of 31.3 percent from a year ago.

Analysts, however, said these three companies could expect better revenues this year due to a rebound in domestic demand and relatively stable oil prices.

Fuel price hike drives up stockpile

China's surprise 3-5 percent increase in gasoline and diesel prices, its first in three months, may be the nudge needed to get middlemen and wholesalers to refill their tanks, draining swollen refinery stockpiles.

While the increase is small, effectively reversing a cut made in January, analysts say it sends a clear signal that the government is sticking by its pledge to move pump prices in tandem with global markets.

It will also be welcomed by State-controlled refining giants Sinopec Corp and PetroChina, which suffered heavy refining losses in 2007 and 2008 and must have been watching oil's 60 percent surge since mid-February with some trepidation.
The two firms, due to release 2008 earnings in the coming days, have enjoyed fat margins in the past few months as global crude oil prices had slumped as low as $32.4 in January, more than $110 down from their July 2008 peak.

"The oil giants are to reveal their annual reports soon and we know that their revenue were not very satisfactory last year. Nor have they got much compensation from the government to offset their losses last year. So I think the pump price rise came at a good timing to help stabilize their share prices," Zhao Xianbing, analyst with CITIC Securities.

But higher prices could hit China's oil demand, which rose slightly in February after falling for three months in a row as shrinking exports in the world's third-largest economy forced many factories to close and hurt the key transportation business.

But the price hike could lure back independent dealers to fill up tanks, many of which were believed to be idled amid expectations of weaker prices.

Oil executive sheds light on fuel pricing rules

China will adjust domestic fuel prices when international oil prices rise or fall more than 4 percent within 22 straight working days. Zhou Jiping, PetroChina's president, said that Wednesday's fuel price increase was based on this rule.

This was the first increase in domestic fuel prices since December when China introduced a new fuel pricing system.

Some analysts said the move was a signal to the market that the authorities were determined to follow the rules on fuel pricing, while others cautioned it would do little to help the economy that had just shown some signs of a possible recovery.

New oil pricing mechanism better reflects market changes

China's new pricing mechanism for oil products, based on movements in international crude prices every 20 days, was used to calculate this week's fuel price hikes, Peng Sen, deputy head of the National Development and Reform Commission, said on March 26.

Under the pricing mechanism, China considers changing benchmark retail prices of oil products when the international crude price rises or falls by a daily average of 4 percent over 20 days, Peng said. The mechanism means domestic prices reflect changes in the market more quickly and accurately, he said.
China’s newly proven coal reserves fall 43%

(2009-03-02)

China's newly proven coal reserves in 2008 were 23.11 billion tons, down 43 percent from a year earlier, according to figures with the National Bureau of Statistics.

China is now the world's largest coal consumer. Last year the country's coal consumption was 2.74 billion tons, 3 percent higher than in 2007.

China's newly proven oil and natural gas reserves last year were 1.34 billion tons and 647.2 billion cu m, respectively.

China Shenhua says 2008 net profit up 30%

(2009-03-03)

China Shenhua Energy Co Ltd, the country's largest coal producer, said its 2008 net profit rose 29.7 percent, based on preliminary, unaudited figures under Chinese accounting standards.

Net profit attributable to equity shareholders was 26.6 billion yuan ($3.89 billion) in 2008, the company said. Operating revenue of the company grew 30.5 percent to 107.1 billion yuan.

China Resources Power Feb sales rise 17%

(2009-03-10)

China Resources Power Holdings Co, the third-largest Hong Kong-listed mainland generator by market value, said electricity sales rose 17 percent last month.

Sales climbed to 4.64 million megawatt-hours from a year earlier in February, the company said in a statement on its website today.

The company sold 9.7 million megawatt-hours in the first two months, a decline of 2.9 percent, according to the statement.

Qianyuan Power posts 766% rise in earnings

(2009-03-10)

Guizhou Qianyuan Power Co, a small-sized Chinese power producer, posted a 766 percent jump in net profit for 2008 thanks to the abundant water supply that fired its hydropower stations.

Its net profit rose to 120 million yuan ($17.56 million) last year, on sales of 722 million yuan, which was up 135 percent from 2007, the Shenzhen-listed company said in its earnings report.

Qianyuan's 2008 results stood in sharp contrast to those at other power companies, especially the coal-fired electricity producers, who took massive losses from the big increases in the prices of coal and other fuels in the first half of 2008. These companies were hit hard in the second half of the year when power demand weakened sharply amid the economic downturn.
Jointo Energy Investment Co Ltd, Hebei, the first listed fire-powered electricity firm to report its full-year earnings, posted an 88 percent drop in net profit in 2008.

According to the National Energy Administration, China's fire-powered firms recorded a combined 70 billion yuan in losses last year.

But Qianyuan was not affected by the factors that drained profits from its much larger peers. The water flow in the Sancha River in November 2008 was nearly three times the average of the past years, helping to dramatically raise the output of its hydropower stations.

Power output at the company, based in the southwestern province of Guizhou, soared 111 percent from a year earlier to 3.14 billion kilowatt-hours last year. And the increased selling price thanks to the tariff hikes and lowered interest rates last year, the company said, also contributed to its earnings growth.

Qianyuan Power said it expected to record 1.13 billion in sales revenue this year.

China’s Feb net oil imports fall to two-year low

(2009-03-11)

China, the world's second-biggest energy user, cut net crude-oil imports to the lowest in at least two years in February as a slowing economy caused refiners to tap stockpiles and reduce purchases.

Net shipments dropped a second month to 11.12 million tons, about 2.9 million barrels a day, according to data released by the customs bureau in Beijing today. Imports fell 18 percent, the largest drop since at least 2006, to 11.73 million tons, while exports increased to 610,000 tons.

China's fuel demand dropped "substantially" in January, China Petroleum & Chemical Corp, the country's biggest refiner, said yesterday. Demand has fallen as the world's third-largest economy expanded 6.8 percent in the fourth quarter, the smallest gain in seven years.

China's crude oil imports rose to a record of 17.3 million tons in March last year after the government increased stockpiles to ensure supplies during the Auguts Olympics game.

The nation's net crude oil imports were 12.37 million tons in January and 14.29 million tons in February 2008.

Crude oil imports fell 13 percent to 24.55 million tons in the first two months from a year earlier while the purchase cost for the shipments dropped 53 percent to $306.6 a ton, it said.

Fuel imports dropped 6.4 percent to 5.77 million tons in the January-February period and stood at 3.38 million tons last month. Coal exports fell 41.6 percent to 5.11 million tons in the two months and stood at 1.44 million tons in February.
China’s crude oil imports since 2007

<table>
<thead>
<tr>
<th>Month</th>
<th>2007</th>
<th>Change (%)</th>
<th>2008</th>
<th>Change (%)</th>
<th>2009</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>13.7</td>
<td>3.5</td>
<td>13.94</td>
<td>1.8</td>
<td>12.82</td>
<td>-8</td>
</tr>
<tr>
<td>February</td>
<td>12.1</td>
<td>8.0</td>
<td>14.29</td>
<td>18</td>
<td>11.73</td>
<td>-18</td>
</tr>
<tr>
<td>March</td>
<td>13.86</td>
<td>8.9</td>
<td>17.3</td>
<td>25</td>
<td></td>
<td></td>
</tr>
<tr>
<td>April</td>
<td>14.82</td>
<td>23.2</td>
<td>14.24</td>
<td>-3.9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>May</td>
<td>12.97</td>
<td>4.7</td>
<td>16.2</td>
<td>25</td>
<td></td>
<td></td>
</tr>
<tr>
<td>June</td>
<td>14.12</td>
<td>19.8</td>
<td>14.57</td>
<td>3.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>July</td>
<td>14.83</td>
<td>39.4</td>
<td>13.79</td>
<td>-7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>August</td>
<td>14.04</td>
<td>18.8</td>
<td>15.65</td>
<td>11.5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>September</td>
<td>13.66</td>
<td>1.5</td>
<td>15</td>
<td>9.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>October</td>
<td>12.61</td>
<td>16.5</td>
<td>16.16</td>
<td>28</td>
<td></td>
<td></td>
</tr>
<tr>
<td>November</td>
<td>13.61</td>
<td>0.5</td>
<td>13.36</td>
<td>-1.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>December</td>
<td>12.88</td>
<td>11</td>
<td>14.37</td>
<td>11.6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Full Year</td>
<td>163.17</td>
<td>12.4</td>
<td>178.9</td>
<td>9.6</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**China cuts oil exploration investment**

(2009-03-11)

China, the world’s second-largest energy user, cut investment in domestic oil and gas exploration by 13.8 percent in the first two months after fuel prices fell from July's record.

Fixed-asset investment in oil and gas drilling dropped to 10.6 billion yuan ($1.5 billion) from a year earlier, the National Bureau of Statistics said in an e-mailed statement today. The spending climbed 22 percent to a record in 2008, according to the data.

The crude oil price in New York has slumped 68 percent from July's record of $147.27 a barrel, prompting Chinese oil companies to cut domestic exploration and seek overseas acquisitions that have been cheapened by falling commodity prices. China National Petroleum Corp, the country's largest oil producer, expects oil prices to average at $40 a barrel this year, Vice President Yu Baocai said March 7.

The country's investment in oil and gas exploration rose 34.8 percent in the first 11 months of last year, according to data from the statistics bureau.

China will offer preferential lending rates for overseas oil investments and may tap the country's $1.95 trillion foreign-exchange reserves to help companies buy fields abroad, China National Petroleum said last month, citing the government's three-year energy plan. The nation may set up an oil fund to boost exploration, it said.

Investment in coal mining rose 60 percent to 8.4 billion yuan and power and water spending climbed 20.6 percent to 63.1 billion yuan, the statistics bureau said in the statement.

**Xishan Coal net profits surge 171%**

(2009-03-11)

China's top coking coal producer Xishan Coal and Electricity Power posted a 171 percent increase in its net profits in 2008, driven by surging coking coal prices last year.

Its net profits jumped to 3.48 billion yuan ($509 million) in 2008, or 1.44 yuan per share, while its revenue climbed 69 percent from a year earlier to 13.25 billion yuan, the Shenzhen-listed company said in its earnings report on Wednesday.
It is the first time the company has breached the 10 billion yuan revenue mark. The hike in coal prices last year, the company said, contributed to 4.83 billion yuan in revenue.

Xishan Coal, a listed arm of Shanxi Coking Coal Group, mined 16.19 million tons of coal last year. The miner expects to churn out 18 million tons of coal this year.

**China Coal’s output rises 0.4% in first two months**

China Coal Energy Co, the nation's second-biggest producer of the fuel by sales, increased output by 0.4 percent in the first two months.

Coal production rose to 15.89 million tons, the Beijing-based company said in a statement on its website today. Sales fell 16.7 percent to 11.58 million tons during the period. Domestic sales dropped 7.9 percent to 10.92 million tons. Exports were 660,000 tons, it said.

**China’s retail oil sales growth slows on weak demand**

China, the world's second-biggest energy user, posted weaker growth in retail oil sales as the slowing economy cut demand for fuels, government data showed.

Sales of petroleum products rose 0.7 percent in January and February, compared with a 40 percent gain a year earlier, the National Bureau of Statistics said in an e-mailed statement today. Sales jumped 21 percent in November, official data showed.

"Demand for diesel is very likely to fall in the first half," Gong Jinshuang, an oil market analyst at China National Petroleum Corp, the country's biggest oil producer, said in Beijing today. "It remains unclear if domestic demand will pick up in the second half because the global crisis did have a big impact on the Chinese economy."

Gasoline use will be "less affected" as motorist demand remains unchanged, Gong said.

PetroChina Co, the Hong Kong-listed unit of China National, sold 5.48 million tons of gasoline and diesel last month, 270,000 tons below the original target, said an unidentified company official.

**Shenhua Energy’s Feb coal sales fall on demand**

China Shenhua Energy Co, the nation's biggest coal supplier, posted a 21 percent drop in sales last month as demand for the fuel fell.

The company sold 15 million tons of coal in February, compared with 18.9 million tons a year earlier, Shenhua Energy said in a statement to the Hong Kong stock exchange today.

Shenhua Energy's exports fell 25 percent last month to 1.2 million tons, according to the company statement today.

Power generated by Shenhua Energy rose 6 percent in February to 6.7 billion kilowatt-hours from a year earlier.
Huajing Power FY earnings fall 77%

(2009-03-13)

Power producer SDIC Huajing Power Holdings Co yesterday reported a 77 percent fall in full year net profit to 124 million yuan, on rising fuel costs and weak demand.

The Shanghai-listed firm said sales in 2008 fell 1.04 percent from a year ago to 658 million yuan. Analysts attributed the fall in profits to the costly coal used for power generation and sluggish demand.

SDIC Huajing Power Co produced 34.4 billion kilowatts of electricity in 2008, down 3.19 percent from a year earlier, as demand fell in the second half of last year, the company said.

Analysts said while the company may post higher gross profit margins this year, it is still expected to see a negative growth in power output.

"The company's electricity output is likely to decline this year as the local economies in Guangxi, Yunnan, Gansu and Xiamen (where SDIC Huajing has operations) is not expected to recover in the short-term," TX Investment Consulting Co said in a research note.

"But the gross profit margin of the company's fire-powered business is expected to increase dramatically as coal prices have dropped considerably and electricity tariff hiked," TX Investment said.

SDIC Huajing plans to further develop two wind and electricity projects in Gansu province, and plans to jointly explore coal electricity programs with Guizhou Panjiang Refined Coal.

Sinopec Anhui refinery’s diesel sales slump 20%

(2009-03-13)

China Petroleum & Chemical Corp, Asia's largest refiner, posted a decline of more than 20 percent in diesel sales at its plant in the central province of Anhui as a slowing economy cut industrial demand.

The refinery's diesel sales slumped in the first two months compared with a year earlier and the plant's utilization rate was below 90 percent of capacity during the period, Yu Xizhi, the plant's president, said in an interview in Beijing. By contrast, gasoline use has been steady, Yu said.

China's diesel consumption plunged 30 percent in January as a slump in overseas orders shut factories and slashed fuel demand. Sinopec, as China Petroleum is known, told its refineries to boost gasoline output as vehicle sales jumped 25 percent last month after a tax cut.

Commercial diesel inventories in China are "extremely high," Yu said yesterday. While cutting back on diesel output, the refiner's Anqing plant is increasing gasoline yield, he said. "Our operating rate has risen slightly to above 90 percent this month because of this factor," Yu said.

Sinopec Anqing, which has an annual processing capacity of 5.5 million tons, or about 110,000 barrels a daily, may maintain its refining volume at 4.5 million tons this year, according to Yu. In comparison, Sinopec's biggest refinery, in Zhejiang province, also the country's largest, can process 400,000 barrels a day.

The Anhui refinery plans to expand its capacity by 45 percent to about 8 million tons a year by 2011, Yu said. The Sinopec unit will also upgrade its facilities to process lower-quality crude oil, he said.
Sinopec Maoming, Yanshan post profit on fuel sales

China Petroleum & Chemical Corp's Maoming unit made a profit of 1.14 billion yuan ($167 million) in the first two months while the Yanshan plant's net income was 670 million yuan.

Sinopec Maoming Petrochemical Corp, China's second-biggest oil refinery, processed 2.14 million tons of crude oil and its ethylene output reached 154,000 tons in the period, parent China Petrochemical Corp said in a statement in its in-house newsletter today. Gasoline output at Yanshan may reach a record in March, it said in a separate statement.

China Petroleum, also known as Sinopec, operates as many as 30 refineries and they supply more than half of China's fuel demand. Sinopec earlier this year ordered its plants to increase gasoline production after inventories fell and demand rose, according to a company document.

Beijing-based Yanshan refinery may produce 200,000 tons of gasoline this month, a record high, China Petrochemical said today. Sinopec Yanshan is boosting gasoline output while cutting its diesel yield because of "stable demand" for gasoline and a decline in diesel consumption, China Petrochemical said.

China’s net coal imports jump on overseas purchase

China, the world's largest coal producer and user, increased net imports of the fuel to the highest in at least four years in February after power producers boosted overseas purchases on lower costs.

Net coal purchases rose to 3.44 million tons after imports climbed 73 percent to 4.88 million tons and exports fell to 1.44 million tons from a year earlier, according to data released by the Customs General Administration of China in Beijing today.

Chinese power companies are buying overseas coal as benchmark prices fell to $62.10 a ton in the week ended March 13 at Australia's Newcastle port, compared with an average of $129 a ton in 2008. Imports have risen as talks on annual supplies from domestic coalminers have been deadlocked since December because of disagreements over price.

Three Chinese power producers bought 390,000 tons of coal from Russia and Indonesia.

China Sunergy’s loss widens on inventory

China Sunergy Co, a Chinese maker of solar power cells, said its fourth-quarter loss widened to $26.3 million after writing down the value of polysilicon inventories. Sales dropped 40 percent to $43.2 million.

China Sunergy's average selling price slipped to $2.97 per watt from $3.48 per watt in the third quarter.

China Sunergy yesterday signed a contract to sell 25 megawatts of solar cells to closely held SolarMax Technology Inc, based in City of Industry, California.

Shipments this year will be in the range of 150 megawatts to 200 megawatts, down from a Nov 25 forecast of 180 megawatts to 210 megawatts. Gross margin will be 15 percent to 20 percent for the second half of the year. Gross margin in the first quarter will be negative, the company said.
National power output recovers

China's power generation rose by 1.44 percent in the first half of the month from a year earlier, according to data from State Grid Corp of China. Full-year output may increase 2.7 percent, it said.

"The demand from downstream users is recovering and coal inventories are dropping," said Wang Shuai, chief coal analyst at Orient Securities Co in Shanghai. "All signs support the belief that coal prices have stabilized."

The coal price at Qinhuangdao port, a benchmark for China, was unchanged at 557.5 yuan ($81.5) a ton as of March 16, compared with a week earlier, according to the China Coal Transportation and Distribution Association.

Electricity production increased 5.9 percent in February, while coal output jumped 16 percent from a year earlier, the statistics bureau in Beijing said last week.

Daqing Oilfield output totals 2 billion tons

Daqing Oilfield had already produced a total of 2 billion tons of crude oil as of 8 am on March 22, 2009 which accounts for over 40 percent of China's total onshore oil output at present.

Its main oilfields report an extraction rate of over 50 percent, 10 to 15 percentage points higher than similar oilfields in China.

Since the 10th Five-Year Plan (2001-2005), Daqing Oilfield has cumulatively invested over 2.4 billion yuan and completed more than 260 special environmental protection projects.

In the past three years, Daqing Oilfield has saved an equivalent of 250,000 tons of standard coal in energy each year on average, and each of its environmental protection indicators have reached advanced levels in the sector.

China’s LNG imports more than double last month

China's liquefied natural gas (LNG) imports more than doubled last month because of increased contractual supplies from Australia, according to customs figures released today.

Imports rose to 334,244 tons from 122,911 tons a year earlier, the data showed. Shipments under Australian term contracts jumped 165 percent to 325,687 tons in February.

The country bought 8,557 tons of LNG from Malaysia last month.

Sinopec Group Q1 performance ‘better than expected’

China Petrochemical Corp, the nation's biggest oil refiner, said its first-quarter performance is "better than expected" and demand for some oil products is recovering.
Sinopec Group, as the unlisted parent of China Petrochemical Corp, had "stable" profit growth in the first two months of this year and expects to post a gain in the first quarter, the Beijing-based company said in a statement in its in-house newsletter today.

Sinopec produced 6.8 million tons of crude and 1.3 billion cubic meters of natural gas in January and February, the parent said. "The output is on track towards the full-year target," it said, without disclosing the target.

Sinopec refined 26.62 million tons of crude in the first two months, according to the parent's statement. The volume accounted for 55.48 percent of the nation's total for the period, 1.57 percentage points higher than last year's average, it said.

Prices of some petrochemical products have had "quick rebounds" since February, and the country's daily fuel demand rose 6.2 percent to 480,400 tons last month from January, the parent said.

"It is expected that the company's fuel sales volume will have stable growth in the second quarter as demand will rise," the parent said in the statement.

**PetroChina hit by refining loss**

(PetroChina Co, the country's largest oil and gas producer, yesterday said its 2008 net profit fell 22 percent to 114 billion yuan under international financial reporting standards, because of oil price volatility and widening refining losses. It is the company's first drop in full-year profit since 2001.

The company's turnover in 2008 reached 1.071 billion yuan, an increase of 28.1 percent from a year ago, it said in a statement to the Hong Kong bourse yesterday.

"PetroChina's profits were negatively affected to a certain extent by the global financial crisis and State policy factors such as taxation and pricing. However, the company maintains a steady, orderly and healthy growth momentum," said Zhou Jiping, vice-chairman and president of PetroChina.

Last year, PetroChina's refining and marketing segment recorded a loss of 82.97 billion yuan, due to "domestic price controls and shrinking sales of refined products towards the end of 2008", the company said.

The company received a subsidy of 15.69 billion yuan last year for refining losses, said Chief Financial Officer Zhou Mingchun. And its windfall tax payments rose 40.6 billion yuan from a year earlier, the company said.

PetroChina Co will reduce spending on exploration and production by 15 percent to 133.8 billion yuan ($19.6 billion) this year and increase the spending for refining and marketing, said the 2008 earnings statement.

The company's capital expenditure for the oil-processing operation will rise by 36 percent to 27.5 billion yuan, it said.

**Solarfun posts Q4 loss on inventory cost**

(Solarfun Power Holdings Co, a Chinese maker of solar power cells and modules, reported a fourth-quarter loss of $61.4 million on the writedown of the value of polysilicon inventories.)
Solar module shipments rose 69 percent to 47.6 megawatts from 28.1 megawatts a year earlier. The company's average selling price declined to $3.37 per watt in the fourth quarter from $4.04 in the third quarter.

For the first quarter of 2009, Solarfun said it expects to ship 35 megawatts of cells and modules.

For the year, Solarfun has signed sales contracts totaling 200 megawatts, and anticipates its average selling price will decline 10 percent to 15 percent. Prices for polysilicon in spot markets have decreased to $130 per kilogram and likely will fall from that this year, the company said.

Production capacity last year climbed 50 percent to 360 megawatts.

PetroChina overseas oil/gas output up 50% last year

PetroChina Co, the nation's largest oil company, said overseas oil and gas production rose 50 percent last year.

Output from foreign fields rose to 92.1 million barrels, accounting for 7.8 percent of its total, the Beijing-based company said in its 2008 Social Responsibility Report on its website today. Total output rose 5.7 percent to 1.18 billion barrels, it said yesterday in its 2008 earnings statement.

Oil processing will be reduced to 838 million barrels in 2009 from 850 million barrels a year earlier, it said yesterday.

China has spent $26.5b on Three Gorges project

As of the end of 2008, China had spent 181.5 billion yuan ($26.5 billion) in dynamic investment, or 122.9 billion yuan in static investment, on the Three Gorges Hydropower Project on the upper reaches of the country's Yangtze River.

So far, 91 percent of the budget has been spent on the project. The total cost is not expected to surpass what has been budgeted, said Wang Xiaofeng, deputy director of the Committee of the Construction of the Three Gorges Project and the Three Gorges Project Office under the State Council.

The project is now in its final stage in both construction and resettlement. The government is still working on guidelines for carrying out long-term follow-up programs that are aimed at ensuring a stable life for the more than one million resettled people, protecting the environment and preventing geological disasters in the area.

According to the official, after nearly 17 years of construction, the Three Gorges Reservoir is now able to hold water of 175 meters high. All 26 generators, 700,000 kw each, were put into operation in November.

Construction of the main body of the Three Gorges Dam is 100 percent qualified, with 95 percent of the engineering work officially appraised to be in excellent or good quality. Power transmission and transformation projects have stood the test of severe natural disasters.

To date, a total of 1,255,000 people have been relocated from the affected areas.

The underground power station and its transmission project, as well as the ship-lifting devices, will be completed by 2012 and 2014, respectively, Wang said.
Unipec exports 94,967 tons of fuel in Feb

China International United Petroleum & Chemical Corp (Uipec), the nation's largest oil trader, exported 94,967 tons of the fuel that's used by trucks and manufacturers in February, according to customs data.

Unipec, the trading unit of China Petroleum & Chemical Corp, may double exports of diesel in March and April because of lower domestic demand, said an official with knowledge of the sales.

Unipec will ship five cargoes each of 30,000 to 40,000 tons of diesel with sulfur content of 0.05 percent for delivery in April, said a company official. The company sold a similar amount in March, he said.

China's net diesel exports rose to 210,000 tons in February, the highest in at least four years, after the slowing economy sapped demand for fuel.

China's inventories of gasoline, diesel and kerosene rose to 14.85 million tons at the end of February, an increase of 36 percent from a year earlier and 11.4 percent from January.

GD Power Development 2008 profit falls 90%

GD Power Development Co said its 2008 profit dropped 90 percent to 178.9 million yuan ($26.2 million) because higher coal prices bolstered costs and output fell.

The company's sales decreased 5.9 percent to 16.4 billion yuan in 2008, according to a preliminary earnings statement filed to the Shanghai Stock Exchange today. Earnings per share declined 90 percent to 0.033 yuan in 2008 from 0.337 yuan a year earlier.

Shenhua Energy 2008 net rises 29% to record prices

China Shenhua Energy Co Ltd said profit rose 29 percent to a record in 2008 after it increased production to benefit from soaring energy prices.

Net income climbed to 26.6 billion yuan ($3.9 billion), or 1.339 yuan a share last year, from 20.6 billion yuan, or 1.11 yuan a share in 2007, the company said in a statement to the Hong Kong stock exchange today. Shenhua will pay a final dividend of 0.46 yuan a share for 2008.

Shenhua Energy produced 18 percent more coal last year as demand in the world's fastest-growing major economy pushed the price of the fuel to a record in July. The Beijing-based company earnings may extend gains this year because income from power production, railways and port operations will likely offset a decline in coal prices.

"Shenhua doesn't rely on coal for all of its profit and can cope with lower coal prices," said Donovan Huang, an energy analyst at Nomura International based in Shanghai.

Shenhua's sales rose 30.5 percent to 107.1 billion yuan last year. Coal production accounts for about 56 percent of the company's operating profit, he said.
Sinopec Shanghai loses 6.24b yuan in 2008

Sinopec Shanghai Petrochemical Co posted a loss of 6.24 billion yuan in 2008, the company said in a statement to the Hong Kong stock exchange today.

Loss per share was 0.87 yuan, it said. Sales reach 59.3 billion yuan. The company won’t pay a final dividend.

Sinopec 2008 net profit falls 47% on fuel price curbs

Sinopec posted its first annual profit decline in seven years because of government curbs on fuel prices and as the global recession sapped energy demand.

Net income fell 47 percent to 29.8 billion yuan ($4.36 billion), or 0.303 yuan a share last year, from 56.5 billion yuan, or 0.65 yuan a share in 2007, the Beijing-based company, known as Sinopec, said in a statement in Hong Kong today. Sales rose 21 percent to 1.42 trillion yuan.

The firm said it received subsidies from the government amounting to 50.3 billion yuan ($7.36 billion) in 2008, about 70 percent more than its net profit for the year. It may still get government subsidies if oil rises above $80 a barrel, said Chairman Su Shulin.

In a separate statement on Sunday, the firm said its net profit for the first quarter would rise by more than 50 percent compared to the same period a year ago, boosted by improved refining economics because of the sharp fall in crude oil prices.

Sinopec has seen increasing daily fuel sales this year, said Su. Daily fuel sales in January averaged at 267,700 tons, he said. In February, daily sales reached 292,900 tons and as of March 25-26, sales were 339,000 tons.

Analysts say the company should see a turnaround this year after crude prices dropped sharply in the fourth quarter and the government moved this week to hike fuel prices, guaranteeing higher and more stable profit margins for refiners.

Sinopec said it aims to produce 42.4 million tons of crude oil and 10 billion cubic meters of natural gas this year, versus 41.8 million tons of crude oil and 8.3 billion cubic meters of natural gas in 2008.

It aims to process 184 million tons of crude this year and to 220 million tons by 2010, versus 169 million tons in 2008, and will set aside 111.8 billion yuan for capital expenditure in 2009, versus 107.3 billion yuan in 2008.
China oil refinery swung to profit in first 2 months

(2008-03-30)

Chinese oil refinery swung to a profit in the first two months from a loss a year earlier after the cost of crude tumbled from a record, said the country's top economic planning agency.

Refiners made a profit of 12.56 billion yuan ($1.8 billion) in January to February compared with a loss of 22.57 billion yuan a year earlier, the National Development and Reform Commission (NDRC) said today.

Chinese oil-processing plants posted refining losses last year as crude in New York jumped to a record in July while the government capped gasoline and diesel prices to limit their impact on inflation.

"Oil companies have cut crude production and processing as a result of weak demand, and domestic fuel stockpiles rose to records," according to today's statement. China's crude output fell 1.7 percent to 30.27 million tons in the first two months from a year earlier while oil processing dropped 6.9 percent to 51.57 million tons, the NDRC said.

Oil and gas explorers saw a profit decline of 86 percent to 10.9 billion yuan during the two months because of lower prices, the commission said. Gas production growth slowed to 5.1 percent during the period and sales were "basically stable," it said.

Thermal-power producers made a profit of 1.34 billion yuan in the first two months, down 33 percent from a year earlier, the commission said in another statement. Grid operators swung to a loss of 2.46 billion yuan during the period from a 5.64 billion-yuan profit a year earlier.

"Falling electricity generation reduced the revenue of grid operators," Yu Hai, a power analyst with Shenyin Wanguo Securities Ltd, said in Shanghai today. "A narrowing gap between retail power prices and on-grid tariffs also cut earnings."

Coal companies' profit growth slowed to 15 percent in January to February compared with a year earlier, the commission said in a third statement on its website today. Net income reached 2.06 billion yuan, according to the statement.

Inventories of the fuel at major power plants stood at 31.35 million tons by the end of February, which can meet 15 days of consumption, the commission said. The stockpiles fell by 5.05 million tons from January and by 11.97 million tons from the end of 2008.

China Coal Energy 2008 profit up 17.7%

(2008-03-30)

Shanghai-listed China Coal Energy company Ltd said on March 29 its 2008 profit rose 17.7 percent year on year amid rising coal price and production.

The company said in its annual report that net profit was 6.81 billion yuan ($1 billion), or 0.52 yuan per share in 2008 under the domestic accounting rule and 7.1 billion yuan under the international accounting rule.

The company produced 100.37 million tons of coal in 2008, representing an increase of 10.9 percent over 2007's 90.52 million tons. Meanwhile, coal prices rose more than 20 percent year on year.

Business revenue of the company in 2008 was 51.47 billion yuan, representing an increase of 42.8 percent over the previous year, while revenue in coal sector topped 38.3 billion yuan, up 40.6 percent year on year, according to the report.
Wang An, China Coal Energy board chairman, said: "The company will continue to expend both domestic and overseas markets in the future and enhance coal production and upgrade production equipment."

**Huaneng Power posts 2008 loss on higher costs**

(2009-03-31)

Huaneng Power International Inc posted its first annual loss since its shares started trading in 1998 because of higher fuel prices and the government’s power price cap.

The Beijing-based utility swung to a loss of 3.7 billion yuan ($541 million), or loss per share of 0.31 yuan, from a net income of 5.99 billion yuan, or earnings per share of 0.5 yuan, a year earlier, under Chinese accounting standards, Huaneng said in a statement to Shanghai’s stock exchange today.

Sales rose 34.5 percent to 67.8 billion yuan. The company’s 2008 net loss was 3.9 billion yuan, compared with a profit of 6.16 billion yuan, under international accounting standards, the statement said.

"Supply of coal in 2009 will ease,” Huaneng said in the statement today. "Still, the inability between coal buyers and sellers to agree on contract prices for 2009 will pose some uncertainties for now."

**Datang Power 2008 profit drops 79% as coal costs rise**

(2009-03-31)

Datang International Power Generation Co said its 2008 profit dropped 79 percent because of higher fuel costs and a decline in demand in the fourth quarter.

Net income fell to 761 million yuan ($111 million), or 0.06 yuan a share, from 3.56 billion yuan, or 0.31 yuan a share, a year earlier, the Beijing-based company said in a statement to the Hong Kong stock exchange today, citing international accounting standards. Sales rose 12 percent to 36.8 billion yuan.

Datang said today a one-off gain of 894 million yuan from the sale of a 1.3 percent stake in Daqin Railway Co countered losses caused by the rising costs and weaker demand.

Profitability in power generation in 2009 will be "severely restricted" because of slower power demand growth and high coal prices, Datang said in the exchange statement.

Power production rose 7.1 percent to 126.7 million megawatt-hours last year, it said. The company aims to boost output by 18 percent to 150 million megawatt-hours this year and increase sales by more than 20 percent, it said.

In a separate statement, Datang said it plans to raise as much as 5 billion yuan via the private placement of as many as 700 million A shares. The company will sell the shares at a minimum of 6.33 yuan each, it said.

The company will start the share issue within six months of receiving approval from the state securities regulator, according to a statement.

The company plans to get 25 percent of its revenue from non-power businesses by 2012 and diversify into coal-to-liquids and transportation projects. Datang Power plans 21-23b yuan capital spending in 2009.

Its capital expenditure in 2009 will be between 21 billion yuan and 23 billion yuan, little changed from 2008, said the company’s President Cao Jingshan.