

UPDATE 1-China regions face power shortage even before summer peak

Mon Apr 18, 2011 10:54am GMT

- * Hubei likely to ration power as generation not enough
- * Jiangxi already on power curbs since March 29
- * Henan, Anhui forecast summer power shortages
- * Coal prices and supplies, water stocks curbing output
- * Reported power price hike a small relief to generators

By Jim Bai and Tom Miles

BEIJING, April 18 (Reuters) - Central China's Hubei province has joined a growing list of regions facing coal shortages, with a warning on Monday that it is very likely to start rationing power this month if coal supplies remain tight and low water stocks continue to curb hydropower generation.

China has warned that power shortages this summer could be the worst for years, with power generation and transmission systems unable to cope with rising demand. The east, north and south of China are likely to be hit the hardest. [ID:nL3E7FF1A2]

Some central and southwestern Chinese provinces, however, have also begun feeling the pinch because their hydropower plants are wilting after a lack of rainfall.

Coal inventories in thermal power plants in regions with little of their own coal are dwindling due to pricing and transportation issues. Chinese thermal coal prices hit a three month high last week as power producers scrambled for summer supplies.

[ID:nL3E7FE0BP]

Coal inventories in thermal power plants in Hubei have fallen by 17,000 tonnes a day to 1.66 million tonnes on April 12, producing an even more serious shortage than last winter, a report on the State-owned Assets Supervision and Administration Commission website (www.sasac.gov.cn) showed. The report was sourced from the State Grid Corp of China, the country's main power grid operator.

Given the high price of coal, most coal-fired power plants are taking a wait-and-see approach to purchases in hope that prices might fall, the report said.

Coal consumption also increased in Henan, the province that supplies most coal to Hubei, which in turn cut the amount available for Hubei.

Water levels in major hydropower plants in Hubei, except for the huge Three Gorges dam, were lower than historical averages after expected March rains did not come, the report added.

The local grid operator in central Henan has forecast 4.9 gigawatts of summer power shortages in the province. [ID:nL3E7FI0FP]

Power use restrictions have been in force since March 29 in central Jiangxi province.

Power shortages in Jiangxi, once a seasonal phenomenon, have become the norm, the China Electric Power News reported on Monday.

Maximum power demand in Jiangxi, home to China's top copper producer Jiangxi Copper, was expected to top 14.5 GW, but available on-grid power generation capacity totals only 10 GW, the newspaper report said.

Eastern Anhui province may face a 2.5 GW power deficit this summer, Anhui Economic and Information Technology Commission said in a report on its website on Monday (www.aheic.gov.cn).

Coal stocks in Sichuan have fallen to less than a quarter of their highest levels though the southwestern province has temporarily managed to avoid instituting blackouts. [ID:nL3E7FF1IY]

China was reported to have increased power tariffs to help generating firms to cope with rising costs of coal, the fuel that is burned to generate about 80 percent of power output, but the government has not made any official announcement. [ID:nL3E7FI0BE]

The reported price hike would only bring small relief to power generating firms and would not lift generating margins noticeably, some analysts and industry officials said. (Editing by Michael Urquhart)

<http://af.reuters.com/article/metalsNews/idAFL3E7FI1ED20110418?pageNumber=3&virtualBrandChannel=0>