

Huaneng to run the biggest solar power project in 2010

Huaneng Power's parent, China Huaneng Group, said it expects to operate the nation's biggest solar power project in 2010, investing 9.1 billion yuan. The project construction began early this month.

The pilot project in Yunnan province will have two plants designed to produce 166 megawatts (MW) of electricity a year.

"It marks a new stage of renewable energy development by China Huaneng Group in Yunnan province, helping the speedy development of the economy in the province," Huaneng Group said in a statement on its website.

Analysts have viewed the project as timely, given the current fall in raw materials costs and the growth of China's industries despite the global economic slowdown.

"It's a long-term project, and China's economy will continue to grow sharply. Energy demand will continue to rise," said Kenny Tang, executive director at Redford Asset Management.

"This is a right time to build the project because the costs of materials have gone down substantially. It is in line with the central government's plan to build infrastructure to boost the economy. It is also part of Beijing's efforts to shift to more environment-friendly power sources and rely less on oil."

Solar power generation in the country reached only 65 MW this year.

China, the world's second-biggest energy consumer, will spend 4 trillion yuan, the equivalent of almost a fifth of its 2007 gross domestic product, on projects such as power plants to stimulate economic growth, the State Council said on Nov 9. China Huaneng will expand its capacity for hydro, wind, solar and other clean energy sources to 10,000 MW by 2010, the China Electricity Council said in 2006.

In a separate statement on Tuesday, Huaneng Power International said the National Development and Reform Commission has approved the 600 MW domestic coal-fired generating unit of the Phase II project of its wholly owned unit, Huaneng Jinggangshan Power Plant.

The project's total investment is estimated at 2.52 billion yuan, of which 25 percent is equity capital to be funded by internal funds. The remaining investment will be funded by bank loans, Huaneng Power said.

Huaneng Power's shares slipped nearly 5 percent yesterday in line with the sector-wide decline as investors worried over increasing operational costs for coal-fire power producers. But the stock turned around following the broad market and closed 2.49 percent higher at HK\$5.36.

Agencies

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