



PETROVIETNAM POWER CORPORATION
PETROVIETNAM POWER COAL IMPORT AND SUPPLY COMPANY
DAILY NEWS

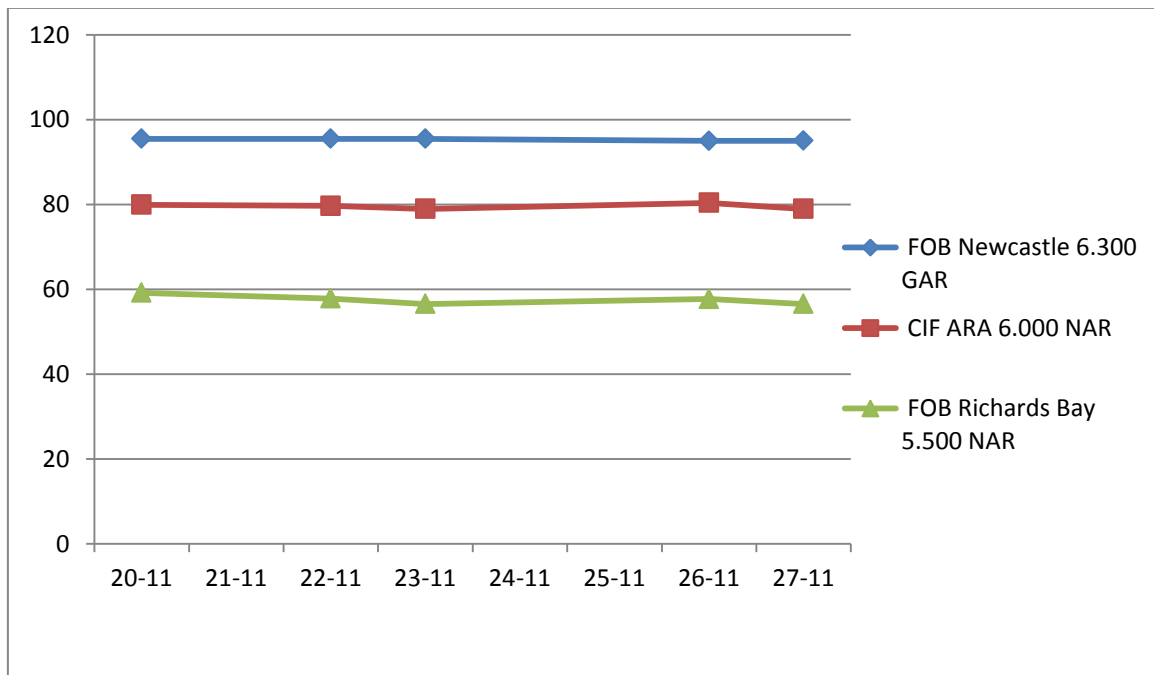
Date 14/12/2018

INTERNATIONAL COAL PRICE ASSESSMENTS

Daily prompt physical thermal coal assessments	Window 7 – 45 day	+/-	Window 90 - day	+/-
FOB Newcastle 6,300 GAR	95.65	+0.65	N/A	N/A
CIF ARA 6,000 NAR	82.15	+1.75	N/A	N/A
FOB Richards Bay 5,500 NAR	60.25	+2.55	N/A	N/A
FOB Kalimantan 5,900 GAR	N/A	N/A	67.75	-0.25
FOB Kalimantan 5,000 GAR	N/A	N/A	47.00	-0.30

China Coal Assessment	USD/tons	+/-	NDT/tons	+/-
PCC6 (CFR South China 3,800 NAR)	35.50	-0.50	245.73	-3.03
PCC7 (CFR South China 4,700 NAR)	54.00	-0.50	373.78	-2.81
PCC8 (CFR South China 5,500 NAR)	69.00	-0.20	477.61	-0.56

DAILY PROMPT PHYSICAL THERMAL COAL ASSESSMENTS IN 2018



(Source: Platts Coal Trader International – Date 27/11/2018)

NEWS

Thailand steps away from coal

Natural gas gets a bigger role in the draft 2018 Power Development Plan, but it remains to be seen which fuel is better for producing electricity. The Electricity Generating Authority Thailand (EGAT) has turned its back on coal-fired power plants for now after years of fruitless attempts to build them in southern Thailand. The proposed Krabi coal-fired plant came up against strong opposition from environmental groups and non-governmental organisations on the grounds that it could cause harm to the ecosystem, specifically fisheries, as well as the tourism industry. EGAT also wanted to build the Tapa coal-fired power plant in southern Songkhla province, but both of these projects are now on hold – deleted from the just-released draft 2018 Power Development Plan (PDP), which sets out the country's long-range energy goals and ambitions.

According to the draft PDP, waiting next for Cabinet approval, EGAT would instead focus more on power plants that burn natural gas, with Surat Thani named as the site for construction of two such facilities. Each of these would generate 700 megawatts of electricity into the national grid system, the first in 2027 and the second by 2029. Natural gas is seen as a more environmentally friendly fuel compared to coal, even though EGAT has often asserted that today's technology for burning coal has improved to the point where coal-fired plants produce less pollution and those using natural gas.

The gas-fired plants proposed for Surat Thani would effectively be substitutes for the Krabi and Tapa projects in ensuring power security in southern Thailand. In addition, the PDP calls for the government to invite the private sector to invest in a 1,000-megawatt "independent power producer" (IPP) project that would start generating electricity in 2034. The National Energy Policy Committee held a public hearing on the 2018 PDP in Surat Thani on December 6, where it was noted that the IPP project could use coal as fuel, but the final decision would be subject to further studies on environmental impacts. Another IPP scheme, rated for 700 megawatts, is planned for 2035, but this would use natural gas as fuel.

Energy experts believe southern Thailand should have at least one major coal-fired power plant so there is diversity among fuels used for generating electricity, which would favourably affect prices and help guarantee power security. The PDP will likely be updated again in 2020, when the consequences of using natural gas and rooftop solar power on the country's energy demands can be taken into consideration. The government is keener now on energy produced with rooftop solar panels and will start buying solar power from the private sector next year, with a target of purchasing more than 10,000 megawatts as we approach 2036.

EGAT meanwhile has sought support from the Energy Ministry to allow it to boost its share of electricity generation to 50 per cent of the country's total capacity. At present, EGAT's share is only 37 per cent, with the rest coming from facilities run by the private sector, especially IPPs. To increase its role in power generation, EGAT will have to compete with the private sector. Public hearings on the draft 2018 PDP will be completed shortly, after which the plan will be submitted to Cabinet for approval. Overall, the PDP is supposed to cap the average price of electricity at about Bt5.55 per unit, equivalent to the average tariff set out in the 2015 PDP.

Coal remains indispensable to Vietnam power needs: Deputy PM

Vietnam has no alternative energy source in the medium term to replace coal for power generation, Deputy Prime Minister Trinh Dinh Dung said. Speaking at a meeting Wednesday he said since there are currently no effective alternatives, "coal power must be developed with modern and environment-friendly technologies." Dung warned that if Vietnam does not resolve its coal shortage, it could face a power shortage right from this year. Total electricity production next year is estimated at 232.5 billion kilowatt hours, with coal power plants accounting for exactly half, and requiring 13 million tons of coal. "Under all circumstances and at all costs, Vietnam must provide enough electricity to the economy," Dung said. He ordered the Ministry of Industry and Trade to quickly draft a plan for consumption of local and imported coal.

Dung instructed the country's two coal suppliers, Vietnam National Coal-Mineral Industries Corporation (Vinacomin) and the North-Eastern Company (NECO), to sign coal purchase contracts next year.

Data from EVN shows demand for electricity this month is 18.89 billion kilowatt hours. To meet this, the country's thermal power plants need to operate at their maximum capacity of 10.47 billion kilowatt hours. Vinacomin and NECO have supplied 20.5 million tons of coal to power plants this year, or only 89 percent of the contracted volumes, with Vinacomin accounting for 16.2 million tons. But Vietnam faces a coal shortage. EVN warned at the end of last month that the lack of coal might lead to a shutdown of thermal power plants and it might have to resort to load-shedding next year.

Several power plants in the north have shut down their turbines since mid-November or reduced their operations to a minimum. EVN also said it might have to raise electricity prices next year because of higher coal prices to produce enough power. Vietnam currently relies mostly on hydropower and thermal power. But its hydropower potential can only meet 30 percent of demand and is almost fully exploited. The country's oil and gas reserves are running low.

(Source: [wwwhttp://www.e.vnexpress.net](http://www.e.vnexpress.net))

INTERNATIONAL SPOT DRY BULK FREIGHT ASSESSMENTS

Size	From	To	Freight rates	<i>Unit: USD/ton</i> Change
Capesize (150.000 tons)	Australia	China	10.35	+0.75
	Queensland	Japan	11.90	+0.90
	New South Wales	South Korea	12.75	+0.90
Panamax (70.000 tons)	Richards Bay	India West	12.75	-0.05
	Kalimantan	India West	8.50	+0.15
	Richards Bay	India East	12.95	-0.05
	Kalimantan	India East	7.05	+0.15
	Australia	China	12.10	+0.55
	Australia	India	13.60	+0.55

(Source: *Platts Coal Trader International – Date 27/11/2018*)