

Briefing

Power Supply in Shanghai, summer 2004

Dear Members,
Dear Friends,

Power supply in Shanghai during the summer 2003 has been rather chaotic as acknowledged by the local public authorities. In an effort to increase transparency and enhance communication, the Shanghai Power Electricity Corporation, Shanghai Municipal Economic Commission and Shanghai Municipal Foreign Investment Commission have organized on 24.05.2004 an information meeting on Power Supply in Shanghai during the summer of 2004 (location: Meeting Hall on Third Floor, World Trade Center, 2201 Yan An West Road). The present joint briefing between Swisscham Shanghai and the Consulate General of Switzerland in Shanghai highlights the key information and contains at the end a useful contact information sheet.

I. Background information

Power consumption in Shanghai reached 73.11 billion Kilowatt-hour in 2003, a 15% increase compared to the previous year.

II. SG measures

Shanghai government (SG) has declared Power supply as a priority for this summer. SG guaranties that, this summer, there will be a non-stop supply of power but shortages are still possible. To avoid such shortages, SG has put into place the following measures:

1. Increase of power generation capacity: increase of 1 mil. Kilowatt-hour;
2. New power plant units have been recently put into place, notably in Wai Gao Qiao;
3. SG has concluded contracts that will allow import of electricity from other parts of China (notably from the 3 Gorges and Qinshan Nuclear Power Station);
4. The safety of all existing operating power plants has been checked and increased to minimize the risk of break-down;
5. SG now combines its electricity, industrial and environmental policies. Such combinations will compel companies to save electricity;
6. Price incentives: the ratio 3.6/1 between peak hour and bottom hour electricity rates has been



amended. A 4.5/1 ratio now applies. This shall provide incentives to shift partly operational schedules;

7. SG shall implement restrictions on power utilization for hotels and commercial buildings;
8. In case an FIE faces and wish to rearrange their power consumption plan with their power supplier during this summer, they can contact directly Mr. Li Conghe, Deputy General Manager of Shanghai Power Electricity Corporation, Tel. 6329 1198; 6239 1010.

III. Extraneous parameters

According to SG, there will be during the coming summer only 16-18 days above 35 C° (sic!!!) compared to the record high 41 days of last summer and it shall rain a lot more which shall directly effect the electricity production capacities. Power shortage mostly happens, according to SG, during those above 35 C° days.

IV. Encouragement measures

SG encourages companies (both PRC and FIE) to adopt the following measures to help cope with power shortage:

1. Shift working schedules and stop operating during peak hours (Labor Protection Bureau has already given its approval to such shifts, see adopted relevant regulation: <http://www.12333.gov.cn/>). This applies in particular to high energy consumption companies;
2. Change company's holiday schedule;
3. Conduct machinery check-ups during the summer time.

V. Miscellaneous

Prior to the meeting some members have provided Swisscham with questions to ask to the panel. Most of the questions have been partly or totally addressed herein-above but the following one: **Member's question:** Incentives/Measures for private households? Communication and education of youngster mostly and utilization of so-called "green" lights are the incentives measures mentioned by SG.

Warning notice: SG has confirmed that power shortage will be announced to affected companies as late as ½ hour before power shortage. Earlier communication could often mean shortage of power for a longer period of time. For most companies what could remain an inconvenient turns into a financial drama without proper, early enough warning.

VI. Assessment

The briefing has been helpful in two respects: Firstly, it showed that SG is aware of the chaotic situation during summer 2003 and of the importance of proper power supply for companies. Secondly, it showed that no



miracle recipe has been found yet and that companies shall be prepared to further power shortage during the summer 2004. **Anticipation** remains the key to mitigate financial losses. Bearing this in mind, we have compiled for you (see **annex**) the main information channels/hotlines your company shall consult and turn to this summer (we have spared you with the weather forecast websites!).

Jonathan Selvadoray

Public Affairs Officer

On behalf of the Board of Swisscham Shanghai

Li Rongzhang

Head of the Commercial Section

On behalf of the Consulate General of Switzerland in Shanghai

中国瑞士商会



Annex

Power supply in Shanghai: WHO to contact ?

Do not hesitate to check the following websites and to call authorities on a regular basis before during an/ or after any power shortage.

a. Shanghai Municipal Economic Commission

Address: 200 Renmin Dadao, Shanghai 200003

Tel. 6321 2810

<http://www.shec.gov.cn/>

b. Shanghai Foreign Economic Relations & Trade Commission

Foreign Investment Commission of Shanghai Municipality

Address: 55 Loushanguan Road, New Town Mansion, Shanghai 200336

Contact person: Mr. Zhao Kangmei (Secretary General)

Tel: 021 - 62750235

c. Shanghai Municipal Electric Power Corporation

Address: 181 Nanjing Dong Rd., Shanghai 200002

Contact person: Mr. Li Chonghe

Tel: 021- 63291198

<http://www.smepec.com.cn/>

中国瑞士商会

