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Russia's Inter RAO Mulls World's Largest Coal Power Plant to Supply China

By The Moscow Times

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ST. PETERSBURG — Russia's Inter RAO is studying the possibility of building the world's largest coal-fired power plant to sell electricity to China in a sign of strengthening economic and political ties between the two countries.

Boris Kovalchuk, head of the Russian power monopoly, told reporters it would examine the cost and timetable required to build the 8-gigawatt plant, which would use coal from the Erkovetskaya deposit in the Amur region in Russia's Far East.

The largest coal-fired plant currently is Taiwan's Taichung with a capacity of about 5.5 GW.

Inter RAO's announcement follows an historic $400 billion agreement to sell natural gas to China for the next 30 years.

Russia, a leading producer of oil and gas, wants to diversify its energy exports away from its

core European market.

Inter RAO already supplies China with electricity. A subsidiary, East Energy Company, last year increased electricity exports to China by 33 percent to 3.5 billion kilowatt-hours.

Kovalchuk, whose father Yury is chairman of Bank Rossiya and was targeted by the U.S. in sanctions over Russia's actions in Ukraine, said that Inter RAO is looking for a loan from China to build the plant.

Analysts have estimated it would cost about $12 billion to build.

"If our Chinese partners could make enough of the cheap money they have available, this would of course improve the economics of the project," Kovalchuk said.

He said that Chinese company Huaneng, with which Inter RAO signed a cooperation deal last week, might participate in the project.

China regularly faces power shortages during peak consumption periods as a result of surging coal prices and coal supply bottlenecks as well as transmission capacity limitations.

"We want them to take part in it," Kovalchuk said, adding that the Chinese badly need electricity from Russia and want to build plants abroad to help reduce air pollution.

Other Russian companies, including Rushydro and EuroSibenergo, owned by tycoon Oleg Deripaska, are also considering boosting supplies to China.

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