
China natural gas prices likely to rise 20pct to 30 pct - Report

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Reuters reported that China is likely to raise well head natural gas prices by 20% to 30% under a new pricing regime expected to be in place in January.

Citing an industry executive in the city gas distribution business, Caijing Magazine said gas prices to end consumers would likely to increase by 10% a boon for gas distributors like Xinao Gas Holdings.

An increase in well head gas prices, last raised in November 2007 will be welcomed by the country dominant oil and gas producers PetroChina and Sinopec Corp.

The report did not give a timetable for the price increase, but analysts anticipate it to be imminent.

Caijing reported last week that China would shift to a weighted mechanism from the start of 2010, taking into account prices for domestically produced and imported gas.

China last revamped its gas pricing at end of 2005, linking the clean fuel with alternative fuels like coal and crude. But the government has only raised prices twice since, oblivious to volatile energy markets that saw crude near USD 150 per barrel in July 2008 and spot liquefied natural gas prices collapse from USD 22 peak.

(Sourced from Reuters)

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