

MEDIA RELEASE

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CS Energy invests \$11 million in coal seam gas project

Electricity generator CS Energy announced today that it will increase its stake in Arrow Energy N.L.'s Kogan North coal seam gas project from 7.5 percent to 50 percent.

CS Energy Chief Executive, Mark Chatfield, said that the deal reflected the company's strategy of developing fuel reserves in Queensland to support gas fired electricity generation.

"In 1997, CS Energy relied solely on coal for electricity generation. Now, about one third of our portfolio is fired on gas. This is an important development in our strategy to become a low cost, mixed fuel generation company," he said.

"The deal announced today is just one of a suite of arrangements we have in place to support our gas fired operations, but its size demonstrates our commitment.

"CS Energy has been instrumental in developing the coal seam gas industry in Queensland. This deal is part of our strategy to develop applications that will reduce the greenhouse intensity of our business.

"The Queensland Government has signalled its support for gas-fired generation through its Gas Electricity Certificates scheme and this project is a direct result of that scheme.

"We will continue to look for further opportunities from both the coal seam gas and natural gas sectors."

CS Energy will contribute \$10.8 million towards the development of some 30 – 35 wells on the Kogan North field, to be operated by Arrow Energy N.L.

Under the agreement CS Energy will have access to 60 petajoules of gas over 15 years, which will be delivered from around September 2005 to the company's 385 megawatt Swanbank E power station at Ipswich.

CS Energy is a government owned corporation, which owns and operates Swanbank Power Station, near Ipswich in southeast Queensland, Callide Power Station, near Biloela in central Queensland, and Mica Creek Power Station in Mount Isa. The company is also developing the Kogan Creek Power Project, near Chinchilla.

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Contacts

Phillippa Mowle
CS Energy Marketing and Communication
Ph 3222 9380
Mob: 0417 782 339