

MEDIA RELEASE

30 October 2006

Funding advances clean coal project

CS Energy's oxyfuel project is closer to the demonstration phase after the announcement today it will receive \$50 million from the Australian Government's Low Emissions Technology Demonstration Fund (LETDF).

In conjunction with its eight project partners, CS Energy will now begin work on retrofitting oxy-firing technology to its coal-fired Callide A power station at Biloela in central Queensland.

CS Energy Chief Executive Mark Chatfield said construction at Callide A would commence in late 2007, followed by a five-year technology demonstration starting in 2009.

"This funding confirmation is exciting news, as it means Queensland will be home to a world-first demonstration project of oxy-firing technology on a commercial scale," Mr Chatfield said.

"The LETDF support means oxy-firing joins a suite of technologies being demonstrated to test their suitability for meeting Australia's future energy requirements and reducing greenhouse gas emissions.

"What makes this technology so important is its potential to be applied to the nation's existing fleet of coal-fired generating plants," Mr Chatfield said.

Oxy-firing involves burning coal in oxygen rather than air, which makes it possible to capture a highly concentrated stream of carbon dioxide from waste gases and store it underground through geosequestration.

CS Energy's partners in the oxy-firing project are a Japanese consortium comprising JCoal, JPower and IHI; the Australian Coal Association and Xstrata Coal; Schlumberger – a world leader in geosequestration technology; the CO2CRC and the CRC for Coal in Sustainable Development.

Work completed to date on the oxy-firing project includes a two-year feasibility study, tests of coal combustibility in a pilot-oxy-fuel test facility in Japan and studies of underground sandstone formations within 350 kilometres of Callide that could potentially store carbon dioxide.

In addition to reducing carbon dioxide emissions, oxy-firing could also significantly reduce other power station emissions such as oxides of nitrogen and sulfur.

"CS Energy and its project partners thank the Australian Government for its support for the project, which could emerge as a key technology as Australia seeks to manage its emissions of greenhouse gases and develop solutions that may be applicable world wide," Mr Chatfield said.

Contacts

Phillippa Mowle
CS Energy Ltd
Ph: 07 3222 9380 / 0417 782 339

Lisa White
CS Energy Ltd
Ph: 07 3222 9386 / 0419 749 860