MEDIA RELEASE

26 March 2010

Future of Swanbank B Power Station announced

CS Energy announced today its decision to progressively close the Swanbank B Power Station, the older of its two Ipswich power stations, by 2012.

Commissioned in 1971, the 480 megawatt coal-fired power station is nearing the end of its operational life and its four generating units will be placed in storage upon closure.

CS Energy Chief Executive David Brown said the decision to progressively close Swanbank B was made as the station is no longer economically viable to operate.

"It's been known for some time that Swanbank B's life is coming to an end. It's an old power station," Mr Brown said.

"Swanbank B is nearly 40-years-old and in its day, the station used cutting-edge technology and coal was available right next door – this is no longer the case," Mr Brown said.

"Over the past few decades, Swanbank B has been a reliable performer generating electricity for Queensland, but the reality is, we haven't regularly operated the station at full load for some time, due to its high operating costs and the generation capability of newer, cleaner power stations."

The nearby 385 megawatt Swanbank E Power Station, commissioned in 2002, is one of Australia's most efficient gas fired power stations and produces 50 per cent less greenhouse emissions than the average coal-fired plant.

Mr Brown said CS Energy would continue to generate gas-fired power in the Ipswich region for many years to come.

"CS Energy maintains a strong commitment to the Ipswich region and our eight-year-old Swanbank E Power Station will continue to operate well into the future.

"We also have long-term plans to build another gas fired power station at the site; Swanbank F, when an economic fuel supply is secured and market conditions warrant," Mr Brown said.

"We understand this will be an unsettling time for our Swanbank staff but I assure them there is a job available for every CS Energy employee – there will be no forced redundancies and we will continue to work with staff and unions," Mr Brown said.

CS Energy will still require a permanent workforce at its Swanbank site to operate E Station.

“In addition to E Station positions, there will be options for staff to be retrained and transferred within CS Energy and we will work with staff on an individual basis to ensure the best possible outcomes for each of them,” Mr Brown said.

Swanbank B will be progressively closed, with units B4 and B2 to be placed in storage in May and June 2010, followed by B1 in April 2011 and B3 in April 2012. The closure of Swanbank B will not impact Queensland’s electricity supply.

CS Energy is a major provider of electricity in the Australian national electricity market, with staff employed across four Queensland power stations and the Brisbane corporate office.

ENDS

Contacts
Media enquiries:

Ph: 07 3222 9399

Note: Media backgrounder on following two pages.

BACKGROUNDER

Swanbank Power Station

The Swanbank Power Station, located near Ipswich in south east Queensland, comprises two major generating plants – the coal-fired Swanbank B station and the highly efficient gas-fired Swanbank E station. Operating at full load, these units combined can generate 865 megawatts of electricity.

History of Swanbank Power Station

The Swanbank Power Station has had a long running history in Ipswich.

When CS Energy was formed in 1997, the Swanbank Power Station consisted of an 'A' and 'B' station. The Swanbank A Power Station was more than 30-years-old. By 2002, the station had reached the end of its economic life and was shut down on 30 June to make way for the more efficient, gas-fired Swanbank E Power Station.

About Swanbank B

The Swanbank B Power Station was originally commissioned in 1971. Swanbank B is now one of the country's oldest power stations, and operates in the market to respond to times of peak or intermediate demand.

Swanbank B has four 120 megawatt generating units which provide enough electricity to power about 600,000 homes. These units use about one million tonnes of black coal a year, trucked from Acland coal mine on the Darling Downs, about 160 kilometres away from the power station.

Swanbank B Power Station has been part of the Ipswich community since its commissioning in 1971. The station has been a major local employer for close to 40 years and has played a significant role in supporting the growth of the region as well as providing a reliable electricity supply for the state.

In its early days, B station was referred to as the 'jewel in the crown' of the site, but by 1997 it was over 25 years old and at the end of the plant's original design life. This was reflected in decreasing performance and reliability of the station due to age-related issues.

In the late 1990s CS Energy made a commercial decision to extend the station's life to 2011 through a staged, $40 million refurbishment program. Since this major investment, Swanbank B has operated reliably, providing CS Energy with the flexibility to capitalise on peak demand in the national market.

Life beyond 40 years

Recently, the Australian electricity industry entered a period of significant change, experiencing increased operating costs, lower market prices and carbon constraints. A detailed financial and environmental analysis has indicated that to keep the ageing station operating for another ten years would cost more than $220 million, and extensions to environmental licences would be necessary.

What does this mean for Swanbank people?

Swanbank employs approximately 140 people in a variety of roles. CS Energy's priority is making sure everyone affected by this decision is supported fully, and there is a commitment to work with staff on an individual basis to ensure the best possible outcomes for our people.

The company has a policy of no forced redundancies, and will focus on retraining and relocating staff across the business. Voluntary redundancies will be considered on request and independent advice and support will be provided for staff and their families.

Swanbank geared for a cleaner energy future

CS Energy continues to maintain its commitment to the region through further development of the Swanbank site. In November 2002, the gas-fired Swanbank E Power Station was opened. This highly efficient station produces half the emissions of a similar coal-fired plant.

The plans for Swanbank F, a second high efficiency gas-fired power station at the Swanbank site, will progress when an economic fuel supply is secured and market conditions warrant.

SWANBANK SNAPSHOT:

	'B' STATION	**'E' STATION**
Commissioned	1971	2002
Capacity	480 megawatts	385 megawatts
Units	4x120 megawatts	1x385 megawatts
Fuel	Black coal	Natural gas and coal seam methane
Fuel transport	Trucked from mines on the Western Darling Downs	Piped direct to site from fields in Western Queensland
Reliability (08-09)	81.4%	96%
Total CO_2 emissions (08-09)	1,773,493 tonnes	819,884 tonnes
Carbon intensity (08-09)	1,022 kg per MWh	384 kg per MWh
Ash produced	168,673 tonnes	nil