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Oxyfuel Media Release

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Agreement has been reached between Australian and Japanese partners for the construction of what will be Australia's first demonstration power station using clean coal technology to produce low emission electricity.

Construction of the \$206 million Callide Oxyfuel project at Biloela in Central Queensland will begin early next year with the 30 megawatt power station scheduled to start producing electricity by the end of 2010.

The project is a collaborative effort funded by the Federal Government, the Queensland Government-owned CS Energy, the Australian Coal Association's COAL21 Fund, Xstrata Coal, Schlumberger, the Japanese Government and Japanese participants, JPower, Mitsui & Co. and IHI Corporation.

It will see the retrofitting of a coal-fired boiler at Callide A power station with oxy-firing technology which will burn coal in a mixture of oxygen and recirculated flue gases.

This will create a highly concentrated stream of carbon dioxide (CO₂) suitable for capture and storage deep underground in geological formations west of the power station using a process known as carbon capture and storage or geosequestration.

Final go-ahead for the project - which is a flagship project of the Asia-Pacific Partnership on Clean Development and Climate (APP) - was given at an official joint-venture signing in Brisbane last month involving Australian and Japanese partners.

CS Energy Chief Executive Officer, Mr David Brown, said the signing concluded more than three years of development and feasibility work, which was completed in April 2007, and the formal establishment of the Project Joint Venture.

"Projects of this size and scale are by nature very challenging," Mr Brown said. "It is a testament to the commitment of all involved that the project is now moving ahead to construction phase."

The Australian Minister for Resources and Energy, the Hon Martin Ferguson MP AO welcomed this announcement.

"This project has the potential to make a leading contribution to solutions that will achieve large scale reductions in greenhouse gas emissions from coal in Australia and internationally," the Minister said.

ACA Executive Director, Mr Ralph Hillman, said the Callide Oxyfuel Project is another important step towards demonstrating that practical and adaptable technology can help in tackling the challenges of climate change.

JCOAL President, Toru Namiki, in formally endorsing the project, noted its international significance as an APP flagship project. JCOAL on behalf of project members proposed the Project to APP and contributes to the project as a supporting collaborator.

The oxyfuel combustion process, first conceived in Japan in 1974, has been tested in small-scale projects in Japan, the USA the UK and Europe. The Callide project will take the technology to a larger scale in order to demonstrate that it can be applied to existing and new coal-fired power stations to achieve very significant reductions (up to 90% of CO₂) in emissions.

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