

Key Drivers for the Industry's Maturity

Ross McKinnon – Chairman
Coal21 Fund Industry Project Assessment
Committee



Key Drivers for the Industry's Maturity

- The level of acceptance for action
- The extent of the commercial challenge
- The extent of the technical challenge
- The international context
- Next ~ 10 year's achievements essential

Key Drivers for the Industry's Maturity, continued

- The level of acceptance for action
 - Major shift in last 2 to 3 years
 - General awareness of need to find solutions
 - Solutions involving fossil fuels could be available
 - Degree of concern at technical viability and cost

Key Drivers for the Industry's Maturity, continued

- The extent of the commercial challenge
 - Dramatic increase in capital cost for new power plant
 - ESAA estimate of \$35 billion to meet demand in Australia by 2030
 - Increase to \$75 billion if emissions cut to 70% 2000 levels
 - Operational costs well above current levels with CCS

Key Drivers for the Industry's Maturity, continued

- The extent of the technical challenge
 - CO₂ capture and CO₂ geological storage not new
 - CO₂ capture from power generation different scale and intensity
 - Solutions from a portfolio of technologies
 - CO₂ storage needs to locate suitable reservoirs, and establish confidence in behaviour over very long periods

Key Drivers for the Industry's Maturity, continued

- The extent of the technical challenge, continued
 - COAL21 National Action Plan
 - Australian Coal Association initiative re sustainable development
 - COAL21 Fund to raise \$1,000 million
 - In principle commitments already made towards a portfolio of technologies
 - First formal contract towards oxy-firing project

Key Drivers for the Industry's Maturity, continued

- The international context
 - Many of the commercial and technical challenges have a global impact
 - Most of the capture & associated plant technology will be imported
 - Essential to maintain the international links
 - Australia's role will be to target the niche areas of particular Australian relevance

