

SPEECH NOTES

**OPENING ADDRESS
MINISTER FOR MINERAL RESOURCES
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NSW Clean Coal Summit

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Theatrette, NSW Parliament House, Macquarie Street, Sydney

SPEAKING POINTS

- I would like to thank everyone here today for attending.
- This is an historic event bringing together representatives from Government, unions, industry and environmental groups...
- all of who are determined to work co-operatively for the common good.
- What we discuss here today will shape Australia's energy future....
- **...Because clean coal technology is the way of the future...**
-and all of you here today will drive the development of this vital technology.
- And from the outset I want to assure you that the lemma Government will be with you every step of the way.

SELLING THE MESSAGE

- When it comes to the issue of clean coal there is a battle raging for the hearts and minds of the Australian public.
- I'm disappointed by the propaganda that opponents of clean coal technology have resorted to.
- And at this point I think its' appropriate to address these unfortunate attitudes.
- We must face some cold hard truths in this country with regards to our energy needs.
- If the lights are to stay on in NSW we must be prepared to generate additional base load power supply by 2013-14.
- We have no choice!

- Energy use in NSW is forecast to increase to 91,000 GWh in 2013-14, which is some 10,500 GWh above current annual consumption.
- The only resource that can realistically meet NSW's base load energy supply requirements by 2013-14 is coal.
- The fact is that 90% of the power in NSW comes from coal-fired power stations
- **Any energy strategy must address our continuing need for coal – there is no way around it.**
- **Clean coal technology answers this call.**
- **Al Gore knows it;**
- **Ross Garnaut knows it;**
- **Sir Nicholas Stern knows it and;**
- **the IPCC knows it.**
- **Indeed a recent IPCC report** points out clean coal technology has the potential to make an important contribution by 2030.
- According to the report the world could be on the brink of an energy revolution that would ultimately change how power was used and generated.
- The report also found the cost of saving the planet from climate change would not be a major burden on the world economy if action is taken sooner rather than later.
- Opponents of clean coal claim we are indulging in a pipe dream – and that the answer to our energy needs lie solely in natural gas and alternative energy.
- This is simply not true.

- There's no doubting that natural gas and the development of alternative energies are an important part of our future energy strategy.
- And the lemma Government recognises this fact.
- We have committed to an ambitious mandatory renewable energy target for NSW of 10 percent by 2010 and 15 percent by 2020, with the 2020 level maintained to 2030.
- We have also established the Renewable Energy Development Fund for pilot and demonstration projects.
-This Fund is part of our \$340 million Climate Change Fund
- But the fact remains in the short to medium term alternative energies will not be able to replace coal.
- Natural gas is just as problematic.
- Just last week analysts warned that natural gas prices here on the east coast of Australia are unsustainably low compared with Asia...
- There prices are three times as high....and we must expect that trend will eventually translate to NSW.
- It doesn't really bother me that the arguments of anti clean coal campaigners are full of holes...
-Vigorous debate on the issues is a healthy product of our democracy.
- **What really worries me is the absolute refusal of these (so called) campaigners to even enter into a constructive dialogue.**
- Anyone who disagrees with them is instantly labeled as someone who doesn't care about the environment.
- And that is ridiculous and also ironic.

- Ironic because the very technology they deride offers an environmentally responsible way to meet a complex energy future.
- **Activism for activism's sake is destructive –**
- ... and sticking your head in the sand and refusing to even acknowledge the opportunities offered by new technologies is environmentally irresponsible.
- I would like to acknowledge the constructive efforts of the Climate Foundation and the WWF – both of who have spoken out on the need to fast track clean coal research.
- **This is the attitude we need.**
- They are prepared to work constructively and co-operatively to ensure the benefits of clean coal technology are thoroughly explored.

OUR COMMITMENT/CURRENT PROJECTS

- And as I said earlier the lemma Government is doing its utmost to ensure that this happens.
- And I'd like to talk now about some of the exciting clean coal projects currently underway.
- The lemma government has already committed \$22m to two clean coal projects.
- The Government announced a \$5 million pilot carbon capture plant currently being developed on the State's Central Coast through a joint initiative by Delta Electricity and the CSIRO.
- The research scale Post Combustion Capture (PCC) pilot facility, which is expected to be operational by mid 2008 – with detailed analysis available by December 2008, will

capture greenhouse gas emissions from the Munmorah Power Station using ammonia absorption technology.

- The PCC pilot facility would undertake a range of experimental trials to determine the potential to adapt the technology to NSW coal & power station conditions, capturing up to 5,000 tonnes of CO₂ a year.
- **More importantly, the technology we are working on is retrofittable – that is we can clean up the coal-based power stations already polluting the atmosphere.**
- That is one of the best things about this technology. **Mr Greg Everett** of Delta Electricity will speak about this project later today.
- There is also the potential of exporting the technology that we are demonstrating in NSW for use on coal fired power stations in other states and even other countries.
- This project, in conjunction with the search for carbon geosequestration sites by the NSW Department of Primary Industries should provide the base for a \$150 million demonstration scale carbon capture and storage project in NSW by 2013.
- This proposed \$150 million demonstration project will capture more than 50,000 tonnes of CO₂ each year.
- The funding for this vital project will be shared between the State and Commonwealth Governments along with industry.
- I should also point out the Sydney Basin and Darling Basin Reservoir Prediction Studies carried out by DPI, reveal that NSW does have potential for CO₂ storage.
- Initial results have shown that the Darling basin in Central NSW has significant potential for the large-scale storage of CO₂ into deep saline aquifers.
- The study identified 16 areas of interest in the Darling Basin as having potential for CO₂ sequestration and the Sydney

Basin study, identified areas for further work which may have potential rock formations suitable for CO2 storage.

- The report emphasises further study rather than particular locations. **Brad Mullard** from DPI will speak later on storage opportunities in NSW.
- Additionally a study commissioned by the three NSW Generators into the storage potential of coal seams in the Sydney Basin identified three regions where sufficient coal is expected to occur at depths suitable for CO2 storage.
- The NSW government has also supported work on Ultra Clean Coal through the grant of land title and a long term lease to UCC Energy Pty Ltd that has allowed construction of a new plant that will be commissioned by the end of June.
- The plant aims to produce high purity, cleaned coal that can be burnt directly in gas turbines and large stationary diesel engines to generate electricity. Ultra clean coal fired turbines and engines may potentially reduce greenhouse gas emissions from the generator by between 20 and 30 percent.
- Another important step has been the establishment of the COAL 21 Fund by the Australian Coal Industry -a world first whole of industry funding approach to greenhouse gas abatement.
- The Australian Coal Association increased voluntary contributions to the COAL21 fund beyond the original five year term resulting in an estimated \$1 billion being raised over the next decade.
- Approximately 40% or \$400 million of the money raised for the COAL21 fund will come from NSW coal producers to support important clean coal technology demonstration projects in NSW.
- This is a dramatic increase in the funds available to be invested in seeking clean coal technology solutions.

- The development of clean coal technology and knowledge supports the continuation of an industry that provides enormous economic benefits for NSW - ensuring NSW stays open for business.
- All of this work demonstrates the commitment of the Lemma Government to reduction of greenhouse gas emissions in NSW, while continuing to maintain a strong and sustainable mining sector.

A NEW ERA

- The ratification of the Kyoto Protocol by Prime Minister Kevin Rudd, as the first formal act of his Government, signals a new direction for Australia in meeting our obligations to comply with international targets for greenhouse gas reduction and ends Australia's international isolation on climate change.
- Just last month Premier Morris Lemma announced the Government would introduce legislation to the Legislative Assembly to establish the Clean Coal Council, which will support clean coal technology and research.
- **The Council will administer a \$100m Clean Coal Fund.**
- This is clearly another milestone towards a cleaner and greener New South Wales and will see Government and industry working together to help drive reform measures further.
- Australia had been on target to deliver its obligation under the Kyoto pact, which will require it to limit growth in CO2 emissions to an 8% increase above 1990 levels over the period from 2008-12.
- NSW has long been a leader in developing initiatives to combat climate change and is well placed to contribute to Australia's reduction targets and to participate in future carbon trading schemes, through development of clean coal technologies to sequester CO2.

- Just last month saw the launch of Australia's first commercial scale demonstration of CO₂ geosequestration - the Otway Basin carbon storage project in Victoria.
- This is a major development for Australia – and marks a major milestone in Clean Coal Technology.
- And you will hear more about this today from a representative of the CO2CRC.

CONCLUSION

- As I said earlier clean coal is about the future.
- And NSW and our Federal Labor Government are ahead of the game -
- Recently, the Garnaut Climate Change Review headed by ANU Economics Professor and former Ambassador to China, Professor Ross Garnaut was established to examine the costs of inaction and the impacts of climate change on the Australian economy.
- The Review - the equivalent of the UK Stern Report - focuses on economic opportunities for Australia to become a regional hub for the technologies and industries associated with low carbon emissions.
- A draft report is to be distributed for comment by June, 2008 with the final report due to be completed and published by September this year.
- **Professor Garnaut** is our next speaker and will enlighten you on the progress so far.
- The Stern Report to the British Government sent a clear warning that left unchecked, climate change will have catastrophic economic consequences.
- I briefly mentioned this at the beginning of my address – but it bears reinforcing.

- We must remember that all the key global commentary on carbon such as the
- Stern report;
- statements by Al Gore;
- the Garnaut Climate Change Review, and
- The Intergovernmental Panel on Climate Change have made it**abundantly clear that clean coal technology is an urgent and necessary strategy to combat enhanced atmospheric carbon levels!**
- Thus your work here today and in the coming months and years is vital not only for NSW but for the entire world.
- I wish you all the best.