



PRIME MINISTER  
PARLIAMENT HOUSE  
CANBERRA ACT 2600

Reference: B11/2448

26 SEP 2011

Dear

Thank you for your post event enquiry following the Yeronga Community Cabinet meeting on Thursday 1 September 2011 regarding the HRL clean coal technology project and the government's commitment that no more coal fired power stations will be built in Australia.

The commitment of \$100 million towards the HRL clean technology project was made by the Howard Government from the Low Emissions Technology Demonstration Fund (LETDF). This commitment was to support the construction of a 400 MW clean coal power generation plant to demonstrate a new technology for integrated drying and gasification of moist reactive coals, including brown coal, to produce power at a higher efficiency than conventional power plants. The Victorian Government has also committed \$50 million from its Energy Technology Innovation Strategy to support the project.

LETDF funding is tied to the achievement of project milestones, of which none have yet been met, and therefore no grant funds have been paid. The company that is undertaking the project, Dual Gas Pty Ltd (a wholly owned subsidiary of HRL Limited), has until 31 December 2011 to meet the conditions for the release of the grant funds. Full details of these conditions are contained in the funding deed with Dual Gas but since the details are commercial in confidence it cannot be made public. The Government is continuing discussions with Dual Gas and the Victorian Government on the project.

The LETDF is a merit-based program designed to demonstrate breakthrough technologies with significant long-term greenhouse gas reduction potential in the energy sector. Other projects which have won support from the LETDF include:

1. Chevron Australia Pty Ltd and the Gorgon CO<sub>2</sub> Injection Project, which is a commercial-scale demonstration project for capturing and storing CO<sub>2</sub> from the natural gas produced from the Gorgon field;

2. the Callide A Oxy-fuel Demonstration Project designed to demonstrate Carbon Capture and Storage (CCS) technologies by retrofitting a 30 MW black coal unit at the Callide A power station; and
3. the Mildura solar power station, originally scoped as a large scale 154 MW heliostat photovoltaic power station near Mildura, Victoria.

With respect to the administration of the LETDF program, the Australian Government has taken a consistent approach in seeking to give projects such as Dual Gas and the Mildura solar project every opportunity to proceed.

On 10 July 2011 the Australian Government announced its plan to move to a clean energy future which includes introducing a price on carbon emissions, promoting innovation and investment in renewable and low emissions energy, encouraging energy efficiency, and creating opportunities in the land sector. This is in addition to the established 20 per cent by 2020 Renewable Energy Target which will continue to drive investment in renewable energy sources.

A new commercially oriented Clean Energy Finance Corporation will invest \$10 billion in renewable energy, low emissions and energy efficiency technologies and will be complemented by the independent Australian Renewable Energy Agency which will manage \$3.2 billion in funding for promising renewable energy and enabling technology projects.

Together this comprehensive framework of measures will pull renewable and low emission energy technologies along the innovation chain to commercial viability while reducing Australia's emissions at the lowest cost to the community.

Thank you for discussing your concerns with the Government. I trust this information is of assistance to you.

Yours sincerely



Julia Gillard