



# MEDIA RELEASE

## MINERALS COUNCIL OF AUSTRALIA

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# OTWAY CLEAN COAL PROJECT – GLOBAL LEADERSHIP IN CLIMATE CHANGE SOLUTION

The campaign to reduce greenhouse gas emissions by producing clean coal took a major step forward today at the launch of Australia's first carbon dioxide storage demonstration project – the CO2CRC Otway Project in south western Victoria, MCA Chief Executive Mitchell H. Hooke said today.

"The CO2CRC Otway Project, launched today, is a key strategic initiative in the global challenge of addressing climate change. The world's largest global research and carbon storage demonstration project, it is aimed at demonstrating that carbon capture and storage is technically feasible and environmentally effective in stemming rising greenhouse gas emissions. This Project is a globally significant step in developing a clean coal strategy that is environmentally effective, economically efficient and socially acceptable", Mr Hooke said.

"There simply cannot be a global solution to managing climate change without a clean coal strategy as part of a suite of policies to reduce greenhouse gas emissions in an international response to managing climate change".

"Economic and energy security concerns mean that coal will remain an indispensable contributor to energy generation in the years ahead. This reflects the fact that coal is plentiful in the economies that will dominate the global economic scene in the period to 2050 – China, the USA and India. For the foreseeable future, Australia and the world will continue to rely on coal and other fossil fuels to meet energy demand," Mr Hooke pointed out.

"The International Energy Agency has forecast that global coal demand could increase from 4154 million tonnes in 2005 to 7173 million tonnes in 2030. By 2030, China and India will account for 60 per cent of total world coal demand, up from 45 per cent in 2005.

"It is therefore vital to have projects which further the goal of achieving successful demonstration and deployment of carbon capture and storage to provide clean coal power generation. This technology is critical to underpin the longer-term effectiveness of the proposed Emissions Trading Scheme which will for the first time put a market price on carbon," Mr Hooke said.

"The MCA has long advocated the need for a coherent suite of policies to address the challenge of climate change including:

- focusing on providing incentives for the demonstration and deployment of new step-change technologies such as carbon capture and storage;
- an efficiently designed market-based mechanisms including a cap and trade Emissions Trading Scheme;
- ensuring Australia's climate change policies form part of a realisable international solution to the impacts of human induced greenhouse gas emissions;
- adaptation policy for industry and Australian society to ensure a managed transition to new circumstances and conditions resulting from climate change;
- effective communication of the rationale for each element of climate change policy to the Australian community," Mr Hooke said.

#### Editors note:

Carbon capture and storage (CCS) involves the separation of CO<sub>2</sub> from other gases emitted in coal combustion or gasification processes and injection of the carbon dioxide deep underground into geological formations. New low emissions power plants with CCS have the potential to reduce greenhouse gas emissions from coal-fired power plants by approximately 80 to 90 per cent, including taking into account the energy requirements for capture. ABARE has projected that, with CCS, Australia could reduce emissions against business as usual by 31 per cent by 2050. The European Union has projected that CCS technologies could reduce global emissions by about 14 per cent by 2030. The European Union hopes to have up to 12 CCS projects underway before 2020, while considerable work is also underway in the United States and China.

The CO2CRC Otway Project will inject 100,000 tonnes of compressed CO<sub>2</sub> rich gas into a depleted natural gas field 2 km below the surface and about 30 km east of Warrnambool in Victoria's south-west, within the geological formation known as the Otway Basin.

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