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REF-In-Confidence

96

LOW EMISSIONS TECHNOLOGY DEMONSTRATION FUND EXPERT PANEL MEETING

Thursday 13 July and Friday 14 July 2006

Draft MINUTES

Attendees

Expert Panel

Mr Paul McClintock
Mr Neil (Nobby) Clark
Mr Ken Humphreys
Mr John Ralph
Dr Ziggy Swirkowski
Mr Howard Bamsey
Mr Drew Clarke representing Mr Mark Paterson

Department of Industry, Tourism and Resources (and Industry)

Mr Chris Birch
Ms Wendy Launder
Ms Margaret Frisch (Panel Secretary)
Mr Lou Rizzello
Ms Susan Millett

Department of the Environment and Heritage

Mr Gerry Morwell

Due Diligence Assessors - only for 13 July

Mr Craig Egan - KPMG
Mr Chris Eme - KPMG
Ms Alana Davison - KPMG
Mr Jyoti Sharma - KPMG
Mr Stephen Holmes - Walter Tumbull
Mr Jon Rogers - Walter Tumbull

Technical Assessors - only for 13 July

Dr Gordon Weiss - Energetics
Mr Bob Omidvar - PB Power
Mr Awadesh Sharma - PB Power
Mr William Smith - PB Power
Dr Ian Rose - ROAM Consulting
Dr John Sligar - Sligar & Associates
Mr Lindsay Juniper - Ultra-Systems Technology

Item 1. OPENING AND WELCOME

1.1. Chairman's Opening Remarks

Ndt in scope
-5.22

Item 2. CONFLICTS OF INTEREST

Not In Scope -s22

Item 3. CONSIDERATION OF LETDF APPLICATIONS

In considering the applications the Chairman:

- announced the application that was to be reviewed
- checked that the relevant due diligence and technical assessors were present
- asked the primary spokesperson to discuss the merit of the application
- asked the secondary spokesperson to discuss the merit of the application
- asked the non-conflicted Expert Panel members whether there were any other issues that should be raised/discussed
- asked the non-conflicted Expert Panel members whether they had any questions or clarification requests for the assessors
- thanked the assessors for their attendance and excused them from the room
- invited the non-conflicted Expert Panel members to further discuss the application summarised up the discussion on the project
- asked for consensus on a preliminary outcome:
 - A – worthy of recommendation
 - B – possibility of recommending
 - C – not recommended.

Applications were then considered.

Group A Applications – highly rated applications

- 3.1 LET03958
HRL Developments (IDGCC) Pty Ltd
Grant sought:

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HRL clean coal demonstration.

EXPERT PANEL RECOMMENDATION - Not Recommended

The Panel noted that the application did not elaborate on carbon capture and retrofit. It was noted that CO₂ in a low pressure environment is more expensive to capture. It was also noted that post 2030 when greater reductions are being sought it may be challenging to retrofit this technology. Neither of these issues, however, was considered fatal in the short term.

The Panel considered the impact of scaling back the project from a 400MW to 200MW with one less gasifier but concluded that any proposed amendments would likely impact on cost effectiveness and require protracted negotiation. This by itself indicated the project, in comparison to others, was not as competitive in terms of the outcomes being sought under Fund.

The Panel concluded that the involvement of Harbin Power Equipment Company Ltd (HPE) was appealing but high risk. The Panel noted the complexities in realising Chinese investment and construction commitment to such projects and that this placed a high degree of uncertainty in the project moving forward in a timely manner. Given the large proportion of funds being sought by the applicant, it was concluded the application contained too many uncertainties.

The Expert Panel found that in comparison with other applications the key merit criteria in which this application was not as competitive were:

- technical strength of the project; and
- project budget and financing.

3.2

Not in Scope - S22

Not in scope

-S22

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