BROWN COAL INNOVATION AUSTRALIA

Positioning brown coal for a brighter future

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MEDIA RELEASE

Industry earmarks $8.4M to fast-track lignite low-emissions power

Brown Coal Innovation Australia (BCIA) today announced international and Australian-based companies had earmarked nearly $8.4 million in industry funds for research and development to reduce greenhouse gas emissions and improve the efficiency of low-emissions brown coal power generation.

BCIA Chief Executive Officer, Dr Phil Gurney, said "The private sector response to our third competitive research and development funding round has far outstripped expectation and demonstrates the depth of industry commitment to achieving a sustainable future for brown coal-fired power as part of Australia's future energy mix."

"Significantly, the industry funds pledged to low-emissions brown coal R&D shows the strength of commercial interest in technology innovation that will improve the efficiency of brown coal-fired power while simultaneously reducing carbon emissions," Dr Gurney said. "This is evidence of an industry prepared to invest in a brighter future for brown coal."

BCIA received 18 research project applications seeking to secure a slice of the more than $3.5 million in R&D funding on offer. The research proposals will now be assessed by the BCIA Research Advisory Committee and the BCIA Board; successful projects are expected to be announced in the first half of next year following the execution of research agreements.

The actual total of industry funds contracted to low-emissions brown coal research and development will be determined by which project proposals are ultimately awarded BCIA funding. However, as project participants are required to at least match the level of funding provided by BCIA, it is expected that total industry funds will exceed the BCIA funding on offer.

Nearly 40 international and Australian-based companies, ranging from large multinationals to medium-sized enterprises, have committed to participate in the current research round. The project proposals cover a broad spectrum of research themes ranging from the utilisation of renewable energy to significantly improve the efficiency of brown coal combustion, to the evaluation of novel brown coal drying processes and next generation carbon capture technologies.

For its third competitive funding round, BCIA sought R&D projects that are technically 'excellent', that can achieve demonstrable improvements in efficiency and profitability and will accelerate the deployment of greenhouse gas reduction technologies. Dr Gurney said: "An important consequence of the strong industry interest and the large number of research projects submitted is the breadth and calibre of the research proposed."

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BCIA research investment recognises the significant economic value of Australia's world-class brown coal resource and the critical need to reduce carbon emissions from power generation. The key priority areas for BCIA's 2013 funding round are:

- improving power generation efficiency (for example, heat recovery, advanced control & instrumentation)
- reducing the cost of CO_2 capture
- improving coal quality for combustion (for example, silica removal and dewatering)
- reducing the costs of coal preparation (for example, mill optimisation and maintenance).

To date, BCIA's research investment portfolio encompasses 22 research projects, ten of which are now complete, with a current total leveraged value of more than $31 million including industry, research institute and State and Federal Government funding.

In 2011, BCIA awarded $8.3 million in funding for ten world-class research and development projects offering enormous potential to significantly reduce emissions, slash carbon capture costs and create new industry and employment opportunities from low-emissions brown coal utilisation.

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ABOUT BROWN COAL INNOVATION AUSTRALIA

Brown Coal Innovation Australia (BCIA) is a not-for-profit, member-based company with a mandate to invest in the development of the future workforce and the technologies required to achieve a sustainable, low-emissions future for brown coal.

Established in late 2009, BCIA has received multi-million dollar funding from the Victorian government, through the Energy Technology Innovation Strategy, and the Australian Government, via a relationship agreement with Australia National Low Emissions Coal R&D (ANLEC R&D). The ANLEC R&D relationship agreement provides for BCIA to manage ANLEC R&D's brown coal energy research portfolio.

Australia has vast brown coal deposits; encompassing about a quarter of the world's known reserves. Innovation of improved technology for brown coal usage involves substantial costs, and time and investment in R&D has significant benefits for industry competitiveness and Australia's future economic prosperity.

BCIA funds and facilitates multi-million dollar research and skills development investments to drive innovation in the brown coal value-chain; from mine-mouth to the capture of CO2. Strategic management of its R&D investment portfolio underpins BCIA's innovation support and operational activities.

BCIA innovation funding supports research and development initiatives that are technically excellent and that will lead to increased commercial deployment of low-emissions brown coal technologies in the short, medium and long term.

Beyond emissions reduction, current and future international price indications for oil, gas and metallurgical coal provide new exploitation opportunities for the conversion of brown coal to liquids and other high-value commodities. BCIA's research investment objectives are:

- to advance and accelerate innovative technologies in Australia by supporting focused, collaborative research in high priority technologies
- to retain local expertise in, and attract international expertise to, Australia in support of investment in brown coal-related technologies
- to support growth in skills and capacity in Australian brown coal-related technologies for the domestic and international markets
- to make the results of that research available, as appropriate and respecting intellectual property, to BCIA's funders and to the Australian public.

BCIA 2013 FUNDING ROUND PROCESS

The BCIA Research Advisory Committee (RAC) will assess the merits of all submitted proposals and will provide advice to the BCIA Board. As a co-investor in brown coal research, BCIA is seeking well-leveraged projects that offer high value for its financial contribution. To be eligible, project participants must be able to at least match the level of funding provided by BCIA and, preferably, demonstrate a high level of industry involvement.

The BCIA Board will consider all proposals; only project applications of the highest merit will be selected. The amount of funding released and the funding allocations against each focus area are at the discretion of the BCIA Board. All approved projects will be stage-gated to ensure continuing support only on the basis of demonstrable achievement of clearly-defined milestones.

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