

Big banks cool on clean coal plant

Mathew Dunckley

The backers of a proposed "clean coal" power plant in Victoria's Latrobe Valley face a shrinking field of financiers. Several large foreign banks have signalled they will not bankroll the project.

HRL has won \$150 million in federal and state funding support. The deed covering the grants requires the company to have secured the additional finance it needs by the end of the year.

Australia's four major banks have already signalled they will not

KEY POINTS

- Australia's big four and several international banks say they will not finance the new power plant.
- HRL has \$150m in government funds to develop the clean coal plant but needs to find additional finance by the end of the year.

finance the power station. Now a number of international banks have indicated they are unwilling to be involved. In response to a letter campaign by Dutch-based group Bank-

Track, banks including Unicredit, BNP Paribas, HSBC and Rabobank suggested the project would likely fall foul of their internal investment policies on energy.

HSBC's energy sector policy stipulates power stations need to have a carbon intensity of 550 grams of carbon emissions per kilowatt hour of generation to qualify for financing.

HRL's proposal to dry brown coal before burning it, is tipped to produce about 800 grams of emissions per kilowatt hour of generation. HSBC takes into account factors such as offsetting.

Rabobank has signalled its focus is on renewable infrastructure. Several other banks including Credit Agricole and Citi said they had no involvement while Bank of America and UBS declined to discuss individual projects.

Well-placed sources suggest HRL could seek an extension of its funding arrangement given that it is also locked in an appeal against a decision by Victoria's Environment Protection Authority which halved its proposed capacity from 600 megawatts to 300 megawatts.

Greenpeace climate and energy

campaigner Julien Vincent said the project was "out of touch" with economic reality.

"HRL are not just running out of time, they are running out of banks," Mr Vincent said.

"And as the first-choice lenders drop off the table, that's only going to increase the risk and expense of providing finance to this dirty project."

HRL and federal Energy and Resources Minister Martin Ferguson did not respond to *The Australian Financial Review's* inquiries by the time of going to press.

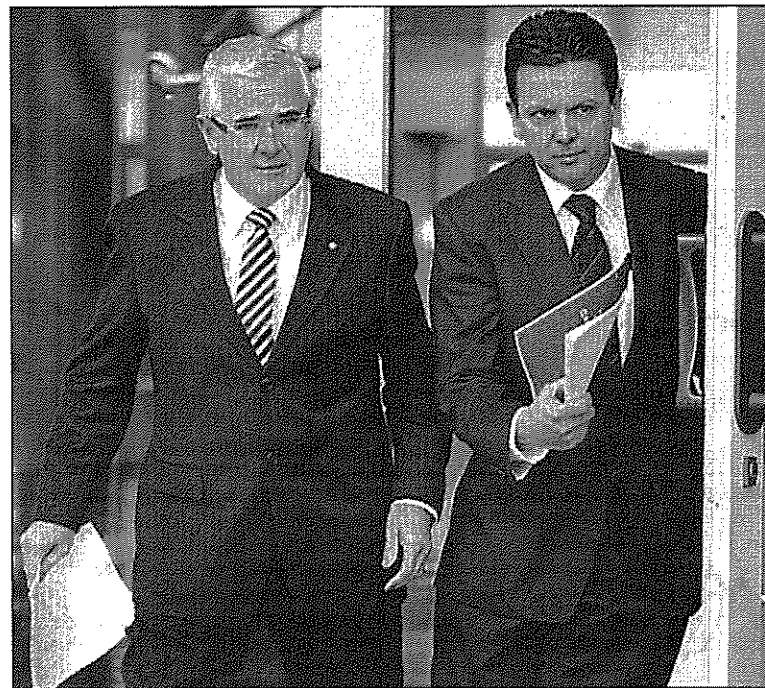
Clubs give Lib ideas thumbs up

Fleur Anderson

Clubs Australia has applauded the Coalition's gambling discussion paper as an "appropriate, consultative approach", but anti-poker machine politicians said it was appalling.

Opposition Leader Tony Abbott yesterday launched his gambling policy discussion paper that could lead to bans on betting firms offering credit to punters and abolish live odds during sports broadcasts.

A Coalition working group will report on the findings of the discussion by February — three



Independents Andrew Wilkie and Nick Xenophon yesterday

Study finds carbon capture competitive

Louise Dodson

Carbon capture and storage becomes "very competitive" once low-cost technology options such as hydro-energy and wind power are fully exploited, a new study has found.

The study by the government funded Global Carbon Capture and Storage Institute found that many different technologies — when commercially available — will be needed to manage the risks of climate change in the most cost-effective manner. "Excluding any one technology will increase total costs of power generation and greenhouse gas abatement."

The technologies compared in the

study also outlines a role for effective energy efficiency opportunities to slow growth in demand.

But it notes that as relatively low-cost renewable technologies become fully exploited, other more expensive sources will be required to meet demand and reduce emissions.

These include CCS, nuclear and high-cost renewables such as solar thermal and photovoltaic technology.

Both the federal government and the opposition have ruled out use of nuclear energy in Australia at the present time.

The study also finds that the cost of technology including renewables and CCS will decline over time.