

Vision: Coal is accepted as a secure, competitive and environmentally sustainable energy resource contributing to New Zealand's prosperity

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This Newsletter is published for the Coal Association by CRL Energy Ltd.

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C tax in force April 2007

Following on from the ratification of the Kyoto Protocol, the Government last month gave further detail on its carbon tax policy, first announced in 2002, and released a consultation paper on technical implementation design.

"Climate change is a direct threat to the New Zealand environment, economy, and way of life. This government takes that threat seriously and is acting responsibly to protect New Zealand's interests," says the Convenor, Ministerial Group on Climate Change, Pete Hodgson. "We stand by commitments made by successive governments to act. We are proud to be one of 150 nations that have ratified."

The C tax will be set at \$15 per tonne CO₂ and introduced on 1 April 2007. As outlined in 2002, this will add around one cent to the cost of a unit of electricity, and about four cents to a litre of petrol.

CRL Energy has calculated that at the suggested default emission factors, the C tax at \$15 per tonne CO₂ would add the following direct costs (ex GST; mining and transport costs extra):

- \$38.50/tonne of bituminous coal;
- \$29.20/tonne of sub-bituminous coal and
- \$20.80/tonne of lignite (based on weighted average production for non-export coal in 2002).

The tax will be applicable to emissions of carbon dioxide and methane from fossil fuel and geothermal sources. The tax will also apply to all greenhouse gases that are emitted from industrial processes. If the international price changes dramatically and for a sustained period, it is possible the rate could be reconsidered. However, the Government says the price will be capped at NZ\$25 per tonne to the end of the first commitment period in 2012.

The Government claims the direct impact on the typical Kiwi household will total about \$4 per week for electricity, petrol, and other fuels. However this does not include indirect impacts on manufacturing and distributing household goods, building materials etc. or the impacts of the heavy tax burden faced by several energy intensive small, medium and large scale industries. Large scale industries are establishing Negotiated Greenhouse Agreements (NGAs) with the Government for exemption from the tax in return for binding obligations managing their emissions. Most will require costly investment in efficiency measures that will add significantly to their

costs. Small to medium scale industries that can not afford the costs of an NGA will have to absorb the tax to maintain competitiveness if they can not pass the tax costs on to their customers.

The Government has streamlined the process through which companies can gain NGA exemptions from the carbon tax. Only two NGAs have been finalised but negotiations are under way with seven companies and a further 12 have registered their interest. The Climate Change Office says it expects the final number to be between 20 and 40. It remains to be seen whether the process will be sufficiently streamlined to make it affordable for medium scale industries whose competitiveness is at risk.

Budget news

After NGAs are accounted for, the carbon tax is expected to raise approximately \$320M per year. The Minister's office says the aim of the tax is to protect our environment, not to raise revenue. Some details of how the Government will use the carbon tax revenue were announced as part of the business tax package in the 2005 Budget.

However, the NZ Herald highlighted the absence of Budget measures targeted at energy intensive businesses beyond the \$1.48M per year SME package previously announced. It stated that the Finance Minister's business tax relief package of \$1.42 billion over the next four years includes \$720M "recycled" from the carbon tax was equivalent to "a cut of about two percent in the corporate tax rate". Critics point out that the bulk of the cuts will come from a one-off change to the depreciation regime allowing business to write off short-life assets such as computers more quickly. Businesses would pay less tax in the short term but, over the life of the assets, they would pay the same amount of tax. Costing \$977 million over four years, this is the biggest single component of the business tax package. Allowing higher depreciation rates on short lived assets will not encourage the turnover of more long lived assets, to encourage new investment in higher energy efficiency plant. Other features include aligning provisional tax and GST payment dates and changes to fringe benefit tax.

The long awaited policy package to help SMEs to meet increased costs from the carbon tax has been described as "a drop in the bucket".

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Chris Baker

Coal and technology developments

By Chris Baker, Chairman, Coal Association of New Zealand Inc.

The world consumes nearly 5 billion tonnes of coal a year, and with the global energy demand growing nearly three percent per annum this is expected to increase to 7 billion tonnes by 2030. This increase will be driven largely by growth in China and India, but energy security and increasing gas prices will also contribute to the growing demand for coal – particularly in the developed countries such as the US, Australia and parts of the EU.

Currently Australia has a total of 30,000MW of coal-based electricity generating capacity. China is building this additional capacity every nine months. Estimates are for 325,000 MW of new coal-based generating capacity to be built in China, India and the US by 2012.

The question is if coal is going to be used globally, are there any technological answers to the greenhouse emissions problem and if so, what needs to be done to make those technologies available?

The COAL21 programme in Australia is a partnership between the Australian Coal Association, the coal and electricity industries, federal and state government and the research community, aimed at reducing or eliminating greenhouse gas emissions arising from the use of coal in electricity generation in Australia.

The first phase of the programme has involved developing the COAL21 National Action Plan with input from the participants and consultation with other stakeholders. The second phase will focus on implementing the measures identified in the plan, and on education and communication aimed at improving the level of awareness and understanding of the key technologies and the issues surrounding energy and greenhouse gases.

COAL21 was launched in March 2004, and a key outcome has been the release in June 2004 of the Australian Government's Energy White Paper, *Securing Australia's Energy Future*. The policy includes the establishment of a \$500 million Low Emissions Technology Demonstration Fund to support industry-led projects for large-scale demonstration of low emissions technologies. This fund is to be matched 2:1 by industry. Bids have been requested for

the first round of the programme and it is expected that awards for winning bids will be made mid 2006.

Another example of the success of COAL21 is the engagement with NGOs that the programme has facilitated. The World Wildlife Fund (Australia), the UK based NGO Friends of the Earth and the Australian Conservation Foundation (ACF) have all recently made statements that support the need to develop carbon capture and storage technologies – along with other low emission technologies.

Other international activity focussing on coal technologies and climate change is the Carbon Sequestration Leadership Forum (CSLF). Membership of this forum includes 16 countries plus the EC. The US has established the FutureGen and US clean coal programme while there are major R&D programmes in Canada, Japan and Europe. The IPCC in its upcoming assessment report has included a major chapter on carbon capture and storage.

The Coal Association of New Zealand is taking a lead role for New Zealand in this collaborative environment and has recently been invited to join COAL21 as a full member of the programme. In addition, the Coal Association is encouraging the New Zealand Government to join the CSLF.

These initiatives are important for New Zealand. Coal reserves can provide energy security at competitive cost for the foreseeable future. Lignite in Southland has the potential to provide electricity, and/or liquid fuels when gas and oil prices are escalating rapidly. Kyoto and non-Kyoto countries are placing a high priority on carbon capture and storage technologies, and none of these countries are avoiding using coal while research seeks to make the use of these technologies commercially viable.

New Zealand needs to adopt a similar strategy – recognize the importance and value of our coal reserves and invest in the research to ensure we can be fast adapters as these technologies are developed through programs like COAL21. We must ensure that we do not foreclose fuel and technology options that may have a vital role to play for future generations.

NZ forecast to miss Kyoto target

On 16 June 2005, the Government released its latest forecast of net greenhouse gas emissions for 2008-12 which show New Zealand will miss its Kyoto target by 36.2Mt CO₂e unless further action is taken.

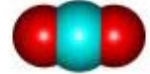
Two factors account for the majority of the change from last year's forecast, which predicted New Zealand would meet its target with 32.6 Mt CO₂e units to spare.

The first is the way in which emissions, particularly from transport, have grown as a result of New Zealand having one of the highest performing economies in the world. They are up 38 Mt CO₂e. Officials have advised that due to ongoing revisions to the energy modeling, these results should be treated as provisional.

The second is due to the way forest sinks are assessed. Changes to the way scrub is accounted for and the qualification of forests planted on land that was scrub in 1990, have lead to a reduction of 19.8 Mt CO₂e of allowable sink offset.

There will be no changes to the carbon tax, set at \$15 per tonne of CO₂, as a result of this announcement.

C Tax in force April 2007



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The centrepiece of the \$4.45M three year package is a pilot grants scheme to demonstrate energy efficient technologies relevant to each energy intensive sector.

The CCO official implementing the scheme says he is open to all suggestions, including any from the Coal Association regarding say boiler efficiency improvements. The process will be one of consultation/invitation with most of this year's projects firmed up by June so that some can be announced in early July. Several coal users have been contacted about this opportunity and the Coal Association would be keen to promote any other suggestions from coal users.

Coal industry input to C tax

The coal industry has effectively communicated to the Government that a tax on coal methane emissions would be counter to safety considerations and too difficult to administer fairly. It has also been successful in arguing that the tax should be based on tonne CO₂ per gigajoule emission factors rather than tonne CO₂ per tonne of coal. The former is much less variable than the latter because it compensates for moisture and ash variations and so avoids the need for frequent expensive carbon analyses. In its submission on the tax design document the Coal

Association will comment on the various technical aspects of the tax design, including default emission factors for broad ranges of coals.

C tax call for submissions

Legislation giving effect to the tax will be introduced late this year or early next year, and is expected to be enacted by the third quarter of 2006. The Government is asking for submissions on the proposed approach to implementing the C tax (available on www.ird.govt.nz) and the closing date for submissions is 8 July 2005.

The obligation to pay the tax will be imposed as early in the supply chain as possible i.e. for New Zealand produced coal and gas the obligation will be at point of first sale, for imported coal it will be when it crosses the border, and for liquid fossil fuels it will be when they leave the Marsden Point oil refinery or when they cross the border. This means that most firms will not be directly involved in paying the tax. Instead, they will see its effect through costs passed on by energy suppliers, especially fossil fuels and electricity.

If a fossil fuel that has been taxed is exported or the greenhouse gases from it are permanently sequestered (other than in biomass), rebates will be available. Rebates will also be available to firms with NGAs.

Stockton production hits new record

More than two million tonnes (mt) of coal has been produced and transported from Solid Energy's Stockton Opencast Mine in the year to date.

This breaks the mine's previous record for annual coal production of 1.74mt achieved in the year ending 30 June 2004. Coal production at Stockton is on target to achieve 2.035mt for the current 2004/05 year and 2.27mt in the 2005/06 year.

Solid Energy's West Coast Surface Operations Manager, Maurice Watson, says: "This is a great achievement for all the people who work at Stockton and the company's Ngakawau coal handling facility. The aerial ropeway has performed very well over the last 12 months, achieving 94 percent reliability which has been the result of very good maintenance practices and operational standards.

"Operation of the aerial has also benefited from a more even flow of coal from the mine, with very little down time due to production issues. The increase in rail wagons, upping capacity from 1200 to 1500 tonnes per train, trucking of coal to Reef ton and additional barge capacity out of Westport have all contributed to this positive result."

Solid Energy is currently replacing the 120 coal buckets on the aerial ropeway with new coal boxes made from lightweight steel, *Stockton's aerial ropeway* which will increase annual capacity off the Plateau from 2.0 to 2.3mt. As a result, with the overall reduction in weight on the aerial, each new box will be able to carry 1.7 tonnes of coal, compared to 1.4 tonnes at present. All buckets should be replaced this month. The infed at the top of the aerial ropeway is also being upgraded.



CO₂ capture and storage



On 6 May, the Coal Association and CRL Energy hosted the visit of Dr Kelly Thambimuthu, the Chief Executive of the Centre for Low Emission Technology in Australia (a joint venture between the Queensland Government and CSIRO) and the Chairman of the International Energy Agency (IEA) GHG R&D Programme (part of the OECD). He is also an expert on CO₂ Capture and Storage as a climate change mitigation option.

Dr Thambimuthu talked on the latest developments in CO₂ capture and storage to a full audience, his talk included CO₂ separation techniques that could be used; an overview of CO₂ capture from large fossil energy conversion plants; and the main opportunities for capturing CO₂ in power generation and other large industries.

Dr Thambimuthu said that about 85 percent of the world's commercial energy needs are supplied by fossil fuels. "A rapid change to non-fossil energy sources, even if possible, would result in large disruption to the energy supply infrastructure, with substantial consequences for the global economy. In addition, some 60 percent of the world's oil production comes from the Middle East." Because of political instabilities in some Middle Eastern countries the pressure to better develop technologies to utilise alternative fuels, such as coal, are increasing.

"The technology of CO₂ capture and storage [including the utilisation or reuse of the CO₂ captured] would enable the world to continue to use fossil fuels but with much reduced emissions of CO₂."

Dr Thambimuthu said the capture of CO₂ is best carried out at large point sources of emissions, such as power stations, oil refineries, petrochemical and gas processing plants, steel works and large cement works. "CO₂ can be captured either from flue gases or from process streams before combustion. CO₂ could also be captured during the production of hydrogen from fossil fuels and this could provide a means to introduce large scale infrastructure for use of hydrogen as an energy carrier for distributed and mobile energy users.

"A large amount of fossil fuel is used in transport, eg. cars or aircraft, and in small-scale heat or power production. It

is not practicable using current technologies to capture, collect, and store CO₂ from such small scale dispersed users. Nevertheless, large reductions could be made in CO₂ emissions through use of a carbon-free energy carrier, such as hydrogen or electricity."

"Both hydrogen and electricity are often considered as a carrier for energy from renewable sources. However, they can also be produced from fossil fuels, using capture and storage technology to minimize release of CO₂. Production of hydrogen or electricity from fossil fuels with CO₂ storage could be an attractive transitional strategy to aid the introduction of future carbon free energy carriers."

At present, power generation is the main source of CO₂, with three main overall methods of capturing CO₂: post-combustion capture, oxyfuel combustion and pre-combustion capture.

Post-combustion capture

The CO₂ concentration in power station flue gas ranges from about 4% (by volume) for natural gas fired combined cycle plants to about 14% for pulverized coal-fired boilers. "Flue gas could be compressed and stored underground but the energy required for compression would be very large and the underground reservoirs would quickly become full. It is therefore necessary to separate the CO₂ from the flue gas.

"A variety of techniques can be used to separate CO₂ from flue gases. The best proven technique at present is to scrub the flue gas with an amine solution. The amine from the scrubber is heated by steam to release high purity CO₂ and the CO₂ free amine is then reused in the scrubber.

Pre-combustion capture

"The low concentration of CO₂ in power station flue gas means that a large volume of gas has to be handled, which results in large equipment sizes and high capital costs. A further disadvantage of the low CO₂ concentration is that powerful chemical solvents have to be used to capture CO₂ and regeneration of the solvents to release the CO₂ requires a large amount of energy. If the CO₂ concentration and pressure could be increased, the CO₂ capture equipment would be much smaller and different physical solvents could be used, with lower energy penalties for regeneration."

This can be achieved by pre-combustion capture. The fuel is reacted with oxygen or air, and in some cases steam, to give mainly CO and hydrogen. The CO is reacted with steam in a catalytic reactor. The CO₂ is separated and the hydrogen is used as fuel in a gas turbine combined cycle plant. The hydrogen produced could also be used to generate electricity in a fuel cell.

This type of process, without CO₂ capture, is already used in several commercial scale IGCC (integrated gasification combined cycle) plants fuelled by coal, residual oil and petroleum coke.

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Solid Energy warm on Chile deal

Solid Energy is one of the winners from the free trade agreement struck with Chile. Earlier this month Trade Minister, Jim Sutton, announced a free-trade tie-up between New Zealand, Chile, Singapore and Brunei at the Apec Trade Ministers meeting in Korea.

The deal with Chile includes a lifting of tariffs on Kiwi coal imports to the South American nation.

Solid Energy Marketing manager, Malcolm Roberts, said the tariff removal would mean a five to six percent margin increase, allowing Solid Energy to be more competitive in the face of stiff competition from Australia and Indonesia - both of which enjoyed bigger economies of scale.

Solid Energy exported some 200,000 tonnes of thermal coal to Chile generating NZ\$9.5 million in foreign exchange earnings in the year ending June 2004, representing a quarter of the value of all New Zealand exports to Chile (NZ\$36.5 million) and around six percent of Solid Energy's annual international sales.

"Chile is a natural market for Solid Energy; we have a significant advantage compared to our competitors in the region - Indonesia and Australia - due to the shorter shipping distances. Lifting the



tariffs should help us to improve our very low margins in this growing export market and make New Zealand thermal coal more competitive, in what is an extremely competitive commodity market."

Solid Energy's has been trading with its major customer in Chile, AES Gener, since 1996. The company's premium thermal coal, mined on the West Coast, is highly sought after by power generators and industrial users due to its high energy value and low ash. Chile, which has a population of almost 16 million, currently has an energy supply shortage, due to shortages of Argentinian natural gas. Coal is being used to fill the gap and provide energy security.

Possible relief for 'hostaged' industries

The Government is considering amending regulations implementing the fine particle (PM₁₀) National Environmental Standard (NES) to make them more workable. The compulsion on local authorities to refuse resource consents if there is insufficient progress towards the NES has been described as holding industries hostage, especially as the major cause of winter smog problems is household solid fuel heating.

The Coal Association is participating in a series of Resource Management Law Association/Clean Air Society (CASANZ) seminars alongside officials from the Ministry for the Environment (MfE) and various regional councils to provide an industry perspective on the NES.

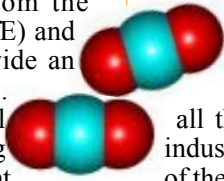
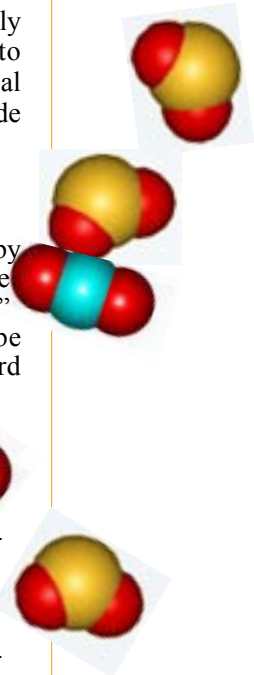
MfE is explaining to all regional councils their role in implementing the provisions which include ambient air and wood burner standards; bans on fires at landfills, burning of tyres, bitumen, coated wire, or oil in the open; no new high temperature hazardous waste facilities and resource consents for school and hospital incinerators.

The focus to date has been on the controversial implementation of the fine

particle NES in airsheds to be defined by regional councils and approved by the Minister as representative of the "worst" locations in the region needing to be monitored. Exceedances of the standard (or of the SO₂, NO₂ or CO standards) will have to be publicly notified every month and by 2013, the severe target of only one daily exceedance

per year of the 50 micrograms per cubic metre standard for a 24 hour average will be allowed (compared with up to 50 daily exceedances each year in Christchurch for the last few years). The ambient

air concentration is comprised of all the diluted household, transport and industrial emission sources in the vicinity of the ambient air monitoring station. Each council will choose a point representing the extent to which the concentration of PM₁₀ in each airshed breaches its ambient air quality standard at 1 September 2005 and draw a straight line path to achievement of the target by 2013. If in any year the PM₁₀



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Coming Events

Energy Policy Forum 2005

Energy Federation of New Zealand

*29 June 2005, 4:30 to 7:30 PM,
Law School Theatre, Victoria
University, Pipitea Campus,
Wellington, Organized by
EFNZ & CRL Energy Ltd
with the support of Meridian
Energy*

*For further information please
contact: Cito Gazo, CRL
Energy, E-mail: C.Gazo@crl.
co.nz*

The 22nd International Pittsburgh Coal Conference

*12 – 15 September 2005,
Westin Convention Center,
Pittsburgh, PA, US*

*For more information please
see [www.engr.pitt.edu/pcc/
2005%20Conference.htm](http://www.engr.pitt.edu/pcc/2005%20Conference.htm)*

Coaltrans Australia 2005

*14-16 September 2005, Sofitel
Hotel, Brisbane, Australia*

*For more information
please see [www.
coaltransconferences.com](http://www.coaltransconferences.com)*

World Coal Conference

*Coaltrans Silver Anniversary
23-26 October 2005, Le
Palais de Congres de Paris,
Paris, France*

*For further information
please see [www.
coaltransconferences.com](http://www.coaltransconferences.com)*

The Clearwater Coal Conference

*Coal Technology Association
and The International
Technical Conference on
Coal Utilization and Fuel
Systems*

*21 – 25 May 2006,
Clearwater, Florida, US
For further information
please contact: Barbara
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CO₂ capture and storage

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Oxyfuel combustion

The CO₂ concentration in flue gas can be increased greatly by using concentrated oxygen for combustion. Fuel burnt in pure oxygen has a high flame temperature, CO₂ rich flue gas would be recycled to the combustor to make the flame temperature similar to that in a normal air-blown combustor. The advantage of oxygen-blown combustion is that the flue gas has a CO₂ concentration of around or above 80%, compared to 4-14% for air blown combustion, so only simple CO₂ purification is required. The disadvantage of oxyfuel combustion is that a large quantity of expensive oxygen is required.

CO₂ Capture Technology

Chemical solvent scrubbing

Chemical solvents are the current preferred method for removal of CO₂ from flue gases. The most common solvent is monoethanolamine (MEA). Prior to CO₂ removal the flue gas is cooled and particulates and other impurities are removed. It is then passed into an absorption vessel which contains the chemical solvent, this absorbs much of the CO₂ by chemically reacting with it to form a loosely bound compound. The CO₂-rich solvent from the bottom of the absorber is passed into another vessel (stripper) where it is heated with steam to reverse the CO₂ absorption reactions. CO₂ released in the stripper is compressed for storage and the CO₂ free solvent is recycled to the absorption vessel. CO₂ recovery rates of 98% can be achieved, and product purity can be in excess of 99%.

There are several facilities in which amines are used to capture CO₂ from flue gas streams, for example, the Warrior Run coal-fired power station in the US, where 150 t/d of CO₂ is captured.

Physical solvent scrubbing

In pre-combustion capture, physical solvents, which combine less strongly with CO₂ can be used. CO₂ can be separated from such solvents in the stripper mainly by reducing the pressure, resulting in lower energy consumption.

Other techniques

Alternative methods of capturing CO₂ are being developed, including adsorption, membranes, cryogenics, and chemical

looping combustion, in which direct contact between the fuel and the combustion air is avoided by using a metal oxide to transfer oxygen to the fuel in a two-stage process.

Costs

Based on current technologies, the cost of capturing CO₂ in a power station would be equivalent to around 1-3 USc/kWh, depending on the type of fuel, the type of power generation, CO₂ capture technology and economic parameters. The cost would be about US\$40/tonne of CO₂ emissions avoided for both coal and gas fired power plants.

CO₂ Reuse

CO₂ captured from process streams is used in food processing and carbonation, for synthesis of chemicals such as urea, methanol, organic and inorganic carbonates and as a solvent - the largest use of which is in CO₂ enhanced oil recovery (CO₂ EOR).

It is estimated that in the US in 1989, a total of the 4.7Mt was consumed in the form of liquid/solid CO₂, of which the food processing industry consumed around 2.7 Mt/year. The cooling of food, especially ice cream, meat, and frozen foods, was the principal use. It is estimated that the average residence time before re-release of CO₂ into the atmosphere is about 1-2 weeks. Approximately 0.9 Mt/year of CO₂ is used for beverage carbonation in the US, with soft drinks and beer production consuming the largest quantity. Dr Thambimuthu gave an example of a coal-fired plant in the US where the CO₂ stream was piped to a nearby town and used in beverage production.

Urea, methanol and other chemical manufacturing consume around 6.5 Mt/year of CO₂. Around 28 Mt/year of CO₂ was consumed in 1998 in the US for CO₂EOR.

Long-term utilisation/storage of CO₂

The use of CO₂ EOR can increase the oil recovery in a reservoir by 10-15%. About 30 Mt/year of CO₂ is already used in more than 74 EOR projects in the US and elsewhere. The injected CO₂ returning with the produced oil is usually separated and re-injected back into the reservoir to minimise operating costs.

At the Weyburn project in Canada all of the CO₂ is supplied from gas captured and pipelined from the North Dakota coal gasification plant located approximately 300 km away in the US.

Other long-term storage includes mineral ores containing magnesium or calcium.

Energy efficiency improvements for business bottom line

Six information kits which aim to improve energy efficiency and the economic bottom line of SME's in the primary production and road transport sectors are now available from CRL Energy Ltd. The kits identify immediate cost-effective solutions to rising energy costs, and increase awareness of incentives and opportunities to reduce greenhouse gas emissions provided through the Government's climate change policy. A workbook approach was adopted for the kits which contain a series of case study calculators so the reader can estimate the potential savings various measures may have on their business. The savings are calculated in terms of energy intensity, energy savings and emission reductions. A simple payback calculator has also been included.

The kits are part of a two year project, *Educating Business Energy Consumers in Climate Change Solutions*, managed by CRL Energy on behalf of the Energy Federation of New Zealand (EFNZ).

The six information kits are entitled:

- Energy efficient ways to improve the economic bottom line of your mining or quarrying business;
- Energy efficient ways to improve the economic bottom line of your road transport business;
- Energy efficient ways to improve

the economic bottom line of your dairy farm business;

- Energy efficient ways to improve the economic bottom line of your forest harvesting business;
- Energy efficient ways to improve the economic bottom line of your fishing business; and
- Energy efficient ways to improve the bottom line of your protected crops business.

The release of the information kits has been timely with the announcement of the carbon tax that will come into force in 2007. The information kits are aimed at energy intensive industries which the C tax may have a significant impact on. Early action will help mitigate the effect of C tax on a company's bottom line.

The *Educating Business Energy Consumers in Climate Change Solutions* project has been funded by the Sustainable Management Fund and a consortium of organisations including the Coal Association.

Copies of the information kits are available from www.energyfed.org.nz/publications.html or by contacting:

Julia Rackley (ChCh) or Deborah Maxwell (Wgtn), CRL Energy Limited
Ph: (03) 3643177 or Ph: (04) 570 3707
Email: j.rackley@crl.co.nz
Email: d.maxwell@crl.co.nz



Coal Association AGM

This year's Coal Association Annual General Meeting will be held in Christchurch in late August, and includes a seminar and dinner. The date and programme of events will be circulated to interested parties as soon as they are finalised.

For any enquiries regarding the AGM please contact:

Dr Trevor Matheson

Coal Association Secretary

Ph (04) 570 3700

E-mail: t.matheson@crl.co.nz

Relief for 'hostaged' industries

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concentration is above the straight line path, no new air discharge consents or consent renewals will be allowed.

The concerns of industry are with the MfE implementation rather than the goal of improved PM₁₀ concentrations. Industry is already well controlled and household heating has been shown to be the main problem. Targeting domestic burners is a sensible strategy on fairness and cost effectiveness grounds. Local authorities in some centres have good reason to be concerned that the continuation of some industries would be under threat and there would be little prospect of new or expanded production.

The New Zealand branch of CASANZ representing about 120 air quality professionals sent a strongly worded letter to MfE detailing many of the problems they anticipated in

implementing the regulations.

The question was raised why New Zealand regulations insist on monitoring in the worst locality rather than a more typical one as in Australia. The response was that we follow more the European practice rather than the Australian or United States practice. Another question was why MfE is imposing much lower exceedance levels than other countries (five days were originally proposed rather than one). The response was that some regional councils insisted on fewer exceedances and Australia has more to allow for frequent bushfires. It was suggested that instead of risking local reaction against a standard being imposed by central government, it would have been more advisable to treat the PM₁₀ standard as a compulsory monitoring and public reporting standard for councils and rely on public pressure

to adopt measures at a rate that is appropriate for each community.

The Government is considering amendments to the regulations that will almost certainly include a significance test - if an industrial source added only say 1 microgram per cubic metre to average ambient air concentration, it might be considered insignificant, whereas, say 10 micrograms would be significant. It is unclear whether different councils would consider reviews before resource consent terms were completed.

On 1 June, The Christchurch Press reported Ecan's policy and planning director stating "An amendment will hopefully be coming through that will resolve the issues with not being able to issue resource consents... Industry creates only 5 % of the discharges and so industry discharges are not going to be significant in that context."

Coal Association of New Zealand Inc.

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Doug Hood Contractors
G L Bowron Ltd
Genesis Power
Golden Bay Cement
Heinz-Wattie Ltd
Holcim (New Zealand) Ltd
Huntly Retail Distribution Centre
Kenham Holdings Limited
Kenroll Industrial Coal Ltd
Lincoln University
Lion Breweries South
Lyttelton Port Company Ltd
Mangapapa B2 Incorporation
McDonald's Lime Ltd
Meridian Solutions
Meritec (Worley Consultants)
Metso Minerals (New Zealand) Ltd
Montgomery Watson Ltd
National Institute of Water and Atmospheric Research (NIWA)
Natural Gas WEL Energy
NZ Coal Processors Ltd
NZMP (Edendale)
NZ Steel Ltd
Oderings Nurseries, Christchurch
Phillips Fox
Pike River Coal Ltd
Port of Greymouth
Robert H Hall Group Ltd
Sea-Tow Ltd
SGS NZ Ltd
Shipherd Nurseries
Sinclair Knight Merz
Skellerup Industries Ltd
Southtile Ltd
TNL Group Ltd
University of Canterbury
Websters Hydrated Lime Co Ltd

Associate Membership

Did you know that you can join the Coal Association, even if you are not a coal producer, by becoming an Associate Member?

Why should you join?

The Coal Association needs the support of Associate Members more than ever, so that New Zealanders can retain access to the plentiful and economic fuel coal. Your support is vital, as the Association attempts to reduce the impact of economic measures, designed to help meet New Zealand's Kyoto Protocol obligations. As an Associate Member, you can keep up to date with happenings in the energy industry by reading the Coal Newsletter, which is sent out quarterly, and the Annual Review, which every Associate Member receives with an invitation to the Annual General Meeting.

Other benefits of Associate Membership are:

- opportunities to participate in Coal Association activities;
- opportunities to make your voice heard through Coal Assn initiatives;
- free access to information held by CRL Energy Ltd;
- free short consultations with CRL Energy staff; and
- free updates of recently published coal information.

What does it cost?

An annual fee of \$350 +GST.

How do I join?

Ring CRL Energy 04 570 3715 for the details.



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