



NSW GOVERNMENT AND BLUESCOPE STEEL: WORKING TOGETHER TO REDUCE GREENHOUSE EMISSIONS

NSW State Plan Target E3: Reduce greenhouse emissions by 60% by 2050
NSW State Plan Target P6: increase Business Investment in regional NSW

16 November 2006

The NSW Government today signed a landmark agreement with BlueScope Steel that will allow the company to commence work on plans to slash greenhouse gas emissions in NSW by recycling the waste gases from steelmaking in the Illawarra for use in electricity production.

Premier Morris Iemma said the agreement could underpin the future of more than 6,000 jobs and about \$900 million in investment at the Port Kembla Steelworks.

"The Agreement we are signing today paves the way for BlueScope Steel to commence feasibility work on a proposed \$500-\$700 million co-generation electricity plant and undertake further preparatory work for its blast furnace reline at the Port Kembla Steelworks estimated to cost \$330 million".

"This is an example of how business and Government can work together for the benefit of the environment and our economy," Mr Iemma said.

"BlueScope Steel sits at the heart of the Illawarra economy and the NSW Government is strongly committed to helping ensure a long term future for BlueScope Steel at Port Kembla.

BlueScope Steel Chief Executive Officer Kirby Adams said: "In making this agreement, the NSW Government has eliminated a major barrier to these investments in the Port Kembla Steelworks, by providing certainty in relation to future NSW action on the regulation of greenhouse gas emissions.

"The agreement demonstrates the NSW Government's credentials in facilitating investment in NSW," Mr Adams said.

"BlueScope Steel will now commence detailed feasibility studies on building a power plant at its Port Kembla site that would use by-product gases given off by steel making to generate up to 120 megawatts of baseload electricity and up to 220 MW if peaking capacity is added," Mr Iemma said.

"The plant will take by-product gases that would otherwise be flared and use them to generate electricity that can be put back into the grid.

"It's estimated the co-generation plant would save about 800,000 tonnes of greenhouse gas emissions from entering the atmosphere every year.

"That's the equivalent of taking 185,000 thousand cars off the road," Mr lemma said.

The feasibility study is expected to take 12 months to complete and, subject to approval by BlueScope Steel's Board, could pave the way for the construction of the plant which is proposed to cost between \$500 to \$700 million to build, and involve 350 new construction jobs.

BlueScope Steel is in discussion with potential project partners. Funding arrangements for the cogeneration project will be negotiated with the successful tenderer, and the Company will provide details to the market once negotiations are concluded.

BlueScope Steel proposes to seek accreditation under the NSW GGAS scheme so that the co-generation plant can earn valuable abatement credits for the avoided greenhouse emissions, the Premier said.

The Premier noted it is currently proposed that industrial process emissions would not be covered under the National Emissions Trading Scheme being considered by the States and Territories, and the agreement signed with BlueScope Steel provided the company with the certainty it needed to proceed with its investment plans.

"This agreement strikes the balance between protecting the environment and building our economy."

The Premier said the agreement signed with BlueScope Steel (attached) would only commence once BlueScope Steel decides to proceed with both the Blast Furnace Reline and the SCP. The agreement will terminate if the SCP has not been completed and successfully operating by the end of 2012.

The Agreement will be reviewed (in 2015 and then every five years) and provides for BlueScope Steel to continue to develop and implement best practice greenhouse gas reducing technologies.

*Attachments: Agreement between NSW Government and BlueScope Steel
Port Kembla Steelworks Fact Sheet*

Media Contacts:

Premier lemma Ben Wilson 0407 966 083

BlueScope Steel Sandi Harwood, Media Relations Manager,
Tel: 03 9666 4039 or mob: 0411 027 006.

PORT KEMBLA STEELWORKS FACT SHEET

The Port Kembla Steelworks is the largest steel production facility in Australia.

It is NSW largest manufacturer and largest exporter of manufactured products.

Employment at the Port Kembla Steelworks;

- **3,800 direct jobs;**
- **2,800 on-site contractors.**

Annual exports;

- 2005/06 - **2.7 million tonnes of steel products**
- Value - **\$1.25 billion**

Flat steel products manufactured by BlueScope Steel at Port Kembla are used in cars, railways, bridges and roads, pipelines, machinery and mining equipment, houses, fences and backyard sheds.