

Energy Commission wants Tenaga to develop the project on concerns that Peninsular Malaysia is likely to face a shortage of electricity in 2015 because of expectations of strong local economic growth and lack of adequate electricity imports from neighboring provinces.

Earlier the state of Sarawak agreed to supply 65% of the output from the 2,400-MW Bakun hydroelectric project to Peninsular Malaysia but has now earmarked the entire output of the plant to aluminum smelters and other energy-intensive industrial units planned in Sarawak. Although Sarawak has agreed to export power to the peninsula from other hydropower projects, the submarine transmission project has been delayed preventing an earlier transmission of the output.

Tenaga owns power plants totaling 11,200 MW. Of this capacity, gas fires 66%, coal 27% and hydropower plants account for 7%.

— S. Anuradha

EUROPE/MIDDLE EAST

Developer B9 Coal plans 500-MW project with carbon capture in northern England

UK-based B9 Coal said last week that it plans to bid under the UK government's second carbon capture and storage demonstration program to build a 500-MW pre-combustion CCS project in Northumberland.

The proposed CCS plant will be near Rio Tinto Alcan's existing 420-MW Lynemouth coal-fired station near Ashington in Northumberland, northern England.

Lynemouth is close to one of the UK's remaining collieries.

The plant would use pre-combustion carbon capture to produce syngas by injecting oxidants into an unmined coal seam.

The resulting syngas would then be separated into hydrogen and carbon dioxide, with the hydrogen passed through a fuel cell to generate power and the CO₂ transported elsewhere to be buried underground.

"The project will showcase a unique combination of keystone technologies; underground gasification and AFC Energy's low-cost alkaline fuels cells," said project partner UK-based AFC Energy.

"At a time when the government is expressing a desire to show global leadership on CCS, we are offering a project that has the potential to become a world-leading template," B9 Coal Director Alisa Murphy said.

"AFC Energy's fuel cell technology provides us with the first

commercially viable and scalable option," she added.

In July the UK's Department of Energy and Climate Change said it would launch a second selection process for three new CCS demonstration projects before the end of this year, as part of the UK's goal to have four CCS demonstration plants up and running by 2025.

Shortly after the announcement utility Scottish and Southern Energy put forward its first project, a 400 MW post-combustion carbon capture and storage unit at its 1,800-MW gas-fired Peterhead power station in Aberdeenshire, Scotland.

The first CCS competition was launched by the previous Labour government in 2007. Scottish Power's coal-fired Longannet plant in Scotland and E.ON UK's coal-fired Kingsnorth in Kent are the only two contenders left in that competition.

— Olivier Lejeune

UK could come to rely on gas, including LNG, if it fails to meet renewables targets: analyst

LNG and other natural gas sources could make substantial contributions to UK energy supplies if the country fails to meet its 2020 target for renewable energy generation, according to a senior analyst last week.

Howard Rogers, senior research fellow at the UK's Oxford Institute for Energy Studies, told Platts: "There is skepticism about the scale of wind projects planned in the UK" to meet the nation's European Union target of generating 15% of its primary energy from renewable resources — equal to 35-40% of UK electricity production.

Rogers spoke on the sidelines of the 5th Annual LNG World conference in Perth, Australia.

"It's a question of whether it can install that much," he said, pointing to potential shortfalls in financing and in supply-chain equipment, such as marine service vessels for large offshore wind farms.

Policymakers have calculated backward from the EU renewables target in setting the UK's offshore wind ambitions, Rogers said, rather than estimating how much offshore wind capacity actually could be installed.

"We need to assume a more realistic scale of wind generation," he said.

Further, questions persist about whether the UK can afford the massive investment required in the offshore wind plants on which the government is banking to achieve its EU goals, Rogers said.

The increase in renewables output will be reflected in higher prices under the government's Renewable Obligation Certificates scheme, under which electricity retailers must source a portion of their power mix from renewable energy through ROCs or pay a penalty.

Higher ROC prices, he said, eventually will be passed through to consumers in the form of higher electric bills.

As gas production from the North Sea declines, the UK, which currently uses 90-100 billion cu m of gas annually, has grown to rely on Norway and the Netherlands for its gas supplies. If renew-

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