

Major players back Perdaman's \$3.5bn Collie project

A major urea project could help secure the long-term future of the coal industry.

■ John Phaceas

A NEW wave of Indian investment could flow into Western Australia in the wake of a landmark \$3.5 billion coal-to-urea project at Collie, potentially heralding a new phase in the state's relationship with India.

So believes Vikas Rambal, chairman and founder of Perdaman Chemicals & Fertilisers, the private company behind Australia's largest clean coal and carbon capture project.

Mr Rambal is no newcomer to the fertiliser business. As a founding shareholder and former managing director of Burrup Fertilisers, he was pivotal in the successful development of its namesake \$700 million ammonia plant on the Burrup Peninsula.

But since selling out of the project in 2007, reportedly for around \$300 million, Mr Rambal has avoided the bright lights and social pages to quietly build the foundations of a far more ambitious venture.

Perdaman's Collie project will produce 2 million tonnes of urea granules annually from 2013, generating around \$850 million in export sales each year.

Ric Stowe's Griffin Coal has agreed to supply 2.7 million tonnes of sub-bituminous coal annually for 25 years,

a Shell-led consortium will provide the coal gasification technology, and Societe Generale is arranging the \$3 billion debt-funding package.

South Korean conglomerate Samsung Corporation has also pledged \$40 million for a 2 per cent direct stake and is the lead development contractor.

The project will directly create around 1,500 jobs during construction and 200 full-time jobs once in operation, in addition to a further 400 permanent jobs in associated activities such as mining, transport and engineering.

Importantly, the Indian government has signed on to buy all the fertiliser produced each year, equating to about 8 per cent of India's annual urea consumption.

This was a sign of the project's potential as a catalyst for expanding WA's ties with India, Mr Rambal said.

"India is still, from the Australian perspective, an untapped economy, and lots can be done," Mr Rambal told *WA Business News*. "It's a bit like water without a glass – we need to give shape to it now. India's trade with Australia is not young, in fact it is very old ... but we never gave it a shape.

"When this project is commissioned, it will be a trade symbol. In India, we have more than 20 urea plants, so can you imagine if representative of those companies come and visit our plant and see the investment opportunities here?"

"So yes, the Collie urea project ... can create a big link (between India and WA)."

Mr Rambal said there was also potential for WA to attract investment from India's legion of wealthy small business owners by tapping into the connections of the local Indian community.

"If you pull that club together, that can create a lot of opportunities for other investment to come," he said. "So I think that stage will come soon as people like me and others try to join hands."

The project is also significant in Australia's push to secure the long-term future of the coal industry by establishing large-scale 'clean coal' operations incorporating carbon capture and storage (CCS) technology.

Furthermore, it will advance WA's longstanding bid for more downstream processing.

"We are creating a downstream coal industry, adding value to coal,"

POTENTIAL

WA's largest clean coal and carbon capture project.

2mt of urea granules produced annually from 2013.

Potential to capture and store 2.5mt of CO2 annually.

Studies under way into potential sequestration sites nearby.

Mr Rambal said. "If we were building a coal-fired plant, this would not be a big thing. But if you are building coal gasification on a world-scale ... it is the cleanest thing you can do with coal. So this becomes the flagship CCS project in Australia."

Essentially, the coal will be pulverised and then gasified to produce a lean gas that can be processed further to produce urea granules.

Importantly, about a third of the contained carbon dioxide will be consumed in the final urea production stage, while the remaining CO2 can be stripped during gasification for storage. To that end, Perdaman is one of five companies co-funding a government study into the suitability of nearby geological structures for geosequestration.

Ideally, Perdaman plans to cap-

ture and store around 2.5mt of CO2 annually. At that rate, studies have indicated the project would actually deliver a net global CO2 benefit of 5mt-7mt per year across the complete cycle of emissions.

Some of the gas produced will also be used to power the project, while all sulphur produced during gasification will be bagged for sale to industry.

A successful CCS development would also have huge ramifications for WA as an attractive location for energy intensive industry, given the abundance of coal reserves that scatter the southern half of the state, which could offset industry concerns about the long-term availability of competitive domestic gas supplies.

Mr Rambal said Perdaman had searched the world for a suitable location for its project, but WA's combination of low sovereign risk, access to skills and infrastructure, and attractive living conditions offset the higher labour, construction and fuel costs.

Mr Rambal said Perth was also the most attractive place to bring up his family, as well as indulge his passion for cricket.

Asked about his low public profile, Mr Rambal said he preferred to focus on work and family in the same way as most Australian businessmen.

"We live in the Australian way. We are busy in our lives and we want to spend as much time with our kids as possible," he said.



BIG PLANS: Vikas Rambal's private company is behind Australia's largest clean coal and carbon capture project, which could enhance relations between WA and India. **Photo:** Grant Curral