



**BLUESCOPE  
STEEL**

28 October 2009

*The Illawarra and the Carbon Pollution Reduction Scheme –  
a Regional Economic Forum*

**Port Kembla Steelworks Cogeneration Plant Project**

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# Port Kembla Steelworks overview

- Fully integrated internationally competitive plant with steelmaking capacity of 5.3Mtpa.
- Amongst world's most technically advanced producers of quality carbon steel products.
- 3,400 permanent employees plus 1,000 - 1,500 contractors on any given day.
- Excellent technical and operational skills and experience.
- In the Illawarra, BlueScope Steel makes a very significant economic and social contribution, creating some 12,000 direct and indirect full time jobs and contributing \$2 billion in gross regional product<sup>1</sup>.

# Environmentally responsible...

A proven track record with 30 years of environmental improvements

## Investment Track Record:

- BlueScope has invested over \$500 million on environmental related improvements.
- 150 separate pollution reduction projects - improving air, water and waste management at Port Kembla Steelworks.
- Recycles around 1 million tonnes of scrap steel each year\*

\* based on typical annual production levels and includes a combination of internally generated and post-consumer scrap.

## Leader in Water Conservation:

### Port Kembla Steelworks:

- Over 14 billion litres of water recycled since Oct 2006 - world class water efficiency for an integrated steelworks

### Western Port:

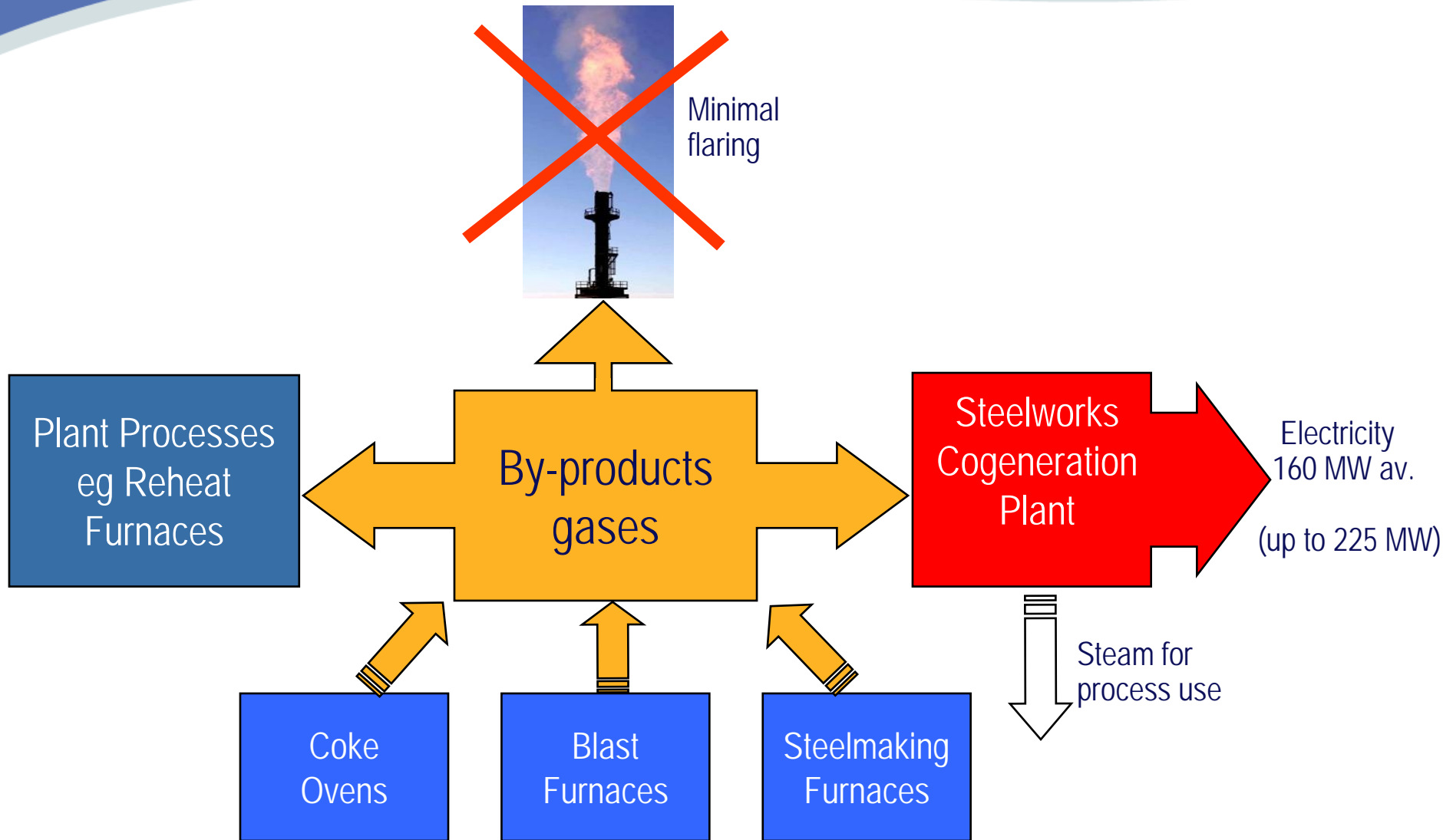
- Proposed water recycling project will cut fresh water use by 65 per cent - due for completion July 2011

- BlueScope supports the global objective to reduce GHG emissions
- We will continue to reduce our CO<sub>2</sub> footprint

# Carbon Pollution Reduction Scheme

- BlueScope is working with the Federal Government and progress is being made:
  - Inclusion of Hot Rolling in the Emissions Intensive-Trade Exposed (EITE) activities to receive permit allocation is a very positive development.
- We note current discussions between the Government and Opposition and encourage both parties to negotiate amendments that meet environmental and economic objectives, to ensure ongoing competitiveness of EITE industries.
- Our key concern now with the legislation is to ensure the CPRS and its treatment of EITEs is in step with the rest of the world – “comparable carbon constraints”.
- We also need reassurance that Scope 3 coal costs will not be passed on to the steel industry.
- Government policy needs to provide incentives for major abatement projects such as the Steelworks Cogeneration Plant (SCP).

# The Steelworks Cogeneration Plant Project



# The Steelworks Cogeneration Plant Project

- A 225 MW cogeneration power plant (peak capacity)
- Uses by-products gases to make electricity and steam
- One of the largest single greenhouse gas emission reduction projects
- \$100m spent to complete the feasibility study – uses proven technology
- Project has development consent
- Capital cost over \$1 billion
- Project deferred in December 2008



# Environmental Benefits of SCP project

- Collects and harnesses nearly all by-products gases
- 1,000,000 tonnes per year of greenhouse gas reductions through offsets
- ~9% offset in PKSW's greenhouse gas emissions
- Makes PKSW self sufficient in electricity
- Enables a raft of other CO<sub>2</sub> abatement projects to proceed at PKSW



# Steelworks Cogeneration Plant and the CPRS

- Upfront costs of SCP are significant:
  - Over \$1bn capital expenditure
- Certainty around CPRS legislation is required before major capital investment
- Government policy should encourage major abatement expenditure.
- Provide encouragement for large companies to seek support from Government through tax incentives and/or direct funding of projects.

# Conclusion

- Port Kembla Steelworks is a modern internationally competitive plant.
- BlueScope makes a very significant economic and social contribution in the Illawarra.
- We are an environmentally responsible company, with a proven track record.
- We support the need to reduce global CO<sub>2</sub> emissions.
- While improvements have been made to the CPRS, we still have concerns over some aspects of the Scheme.
- The SCP is one of the largest single greenhouse gas emission reduction projects in Australia.
- This project is currently on hold.
- We are seeking Government policies that would support major abatement expenditure to enable projects like SCP to proceed.