

# FINANCIAL REVIEW

SE Companies and Markets  
HD **SA's high power prices drive project**  
BY Angela Macdonald-Smith  
WC 405 words  
PD 7 April 2016  
SN The Australian Financial Review  
SC AFNR  
ED First  
PG 22  
LA English  
CY Copyright 2016. Fairfax Media Management Pty Limited.  
LP

Surging electricity prices for industrial customers in South Australia have triggered plans for a new gas-fired power station between local junior Leigh Creek **Energy** and giant **Chinese** equipment manufacturer Shanghai Electric.

Leigh Creek managing director David Shearwood said the ASX-listed **company** had altered the shape of its integrated **energy** project, planned at the Leigh Creek **coal** deposit 550 kilometres north of Adelaide, to be able to supply electricity to industrial customers facing huge increases in power costs due to the closure of Alinta's power stations at Port Augusta.

TD

The power plant would have a capacity of 300 megawatts to 600MW, costing between \$450 **million** and \$900 **million**, depending on the final capacity, Mr Shearwood said. Start-up is targeted for early 2019, with all power to be sold under long-term contracts with customers.

Leigh Creek's business strategy centres on a proposal to produce gas from the underground **coal** deposit using a controversial process known as in-situ gasification. Some of the gas would be used in the power plant and for fertiliser production, and the rest transported through a new pipeline to supply east coast markets.

The heads of agreement signed with **Hong Kong**-listed Shanghai Electric provides for the two to work together to set up a joint venture in South Australia that would construct, own and run the gas-fired generator.

The **equity** split between the partners, funding and arrangements for electricity sales have still to be determined.

The venture aims to construct a generator to provide cheaper and reliable electricity to industry and mines in South Australia, according to Justyn Peters, executive chairman of Leigh Creek. The **company**'s shares surged 16.7 per cent in morning trading.

Leigh Creek, formed through a back-door listing last year using the shell of the former Marathon Resources, is about 7.5 per cent owned by **China**'s CITIC.

Mr Peters said the deal was "a great first step" in Leigh Creek's development as an **energy company**.

"The generation of base-load power through a gas-fired power station is important both to our **company** and to South Australia," he said.

Mr Shearwood said the total project, including power plant, gas production and pipelines, could involve an investment approaching \$2 **billion**.

In-situ gasification involves heating **coal** underground, to produce methane and other usable gases.

**CO** shshe : Shanghai Mechanical & Electrical Industry Co Ltd

**IN** i5020044 : Power Station Construction | i16101 : Electric Power Generation | i1 : Energy | i16 : Electricity/Gas Utilities | i502 : Heavy Construction | iconst : Construction | icre : Real Estate/Construction | ieuil : Electric Utilities | iutil : Utilities | i3302 : Computers/Consumer Electronics | i346 : Household Appliances | icnp : Consumer Goods | idurhg : Durable Household Products | ielec : Consumer Electronics | ihome : Home Electronics/Appliances | itech : Technology

**NS** e1111 : Industrial Production | c314 : Pricing | c11 : Plans/Strategy | ccat : Corporate/Industrial News | c31 : Marketing/Markets | e11 : Economic Performance/Indicators | ecat : Economic News | ncat : Content Types | nfact : Factiva Filters | nfcpin : C&E Industry News Filter

**RE** austr : Australia | saustr : South Australia | apacz : Asia Pacific | ausnz : Australia/Oceania

**PUB** Fairfax Media Management Pty Limited

**AN** Document AFNR000020160406ec470000k

### Search Summary

Text	((chin* or hong kong)) and ( ( (residential or site or commercial) and (casino resort or island or hotel or apartment or park or estate or property) and (group or firm or company or board or assets) and (transaction* or purchase* or sale or sold or buy) ) or ( (uranium or wind or gold or solar or ore or copper or energy or alumina or iron or lead or coal or oil) and (bonds or acquisition or merge or purchase or sale or stake or equity) and (million* or billion* or B or M) and (operations or mining or firm or company)) or ( (dairy or cheese or butter or milk or bread or wine) and (sold or buy or sale or equity or stake or merge or acquire) and (brand or company or business or group or firm or board) and (million* or billion* or B or M)) ) not (terrorism or war or navy or stock market or share market or Wall St or Wall Street or Forex or Stock Exchange or rst=asxtex) and re=austr
Date	01/04/2016 to 07/04/2016
Source	All Sources
Author	All Authors
Company	All Companies
Subject	All Subjects
Industry	All Industries
Region	All Regions
Language	English
Results Found	217
Timestamp	2 October 2017 23:22