China Huaneng, Peabody and Calera Agree to Pursue Development of Low-carbon Emissions Clean Coal Project in Inner Mongolia

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ST. LOUIS, Jan. 20, 2011 /PRNewswire/ -- China Huaneng Group, Peabody Energy and Calera Corp. today agreed to pursue development of a green coal energy campus in the Xilinguole Region of Inner Mongolia. The energy project would include a 1,200 megawatt supercritical power plant that would capture a portion of carbon dioxide (CO_2) and convert it into green building materials, advancing carbon capture technology.

The agreement demonstrates the growing alliance on clean energy and carbon initiatives betweenChina and the United States fostered by the U.S. Energy Cooperation Program (ECP). Peabody is a founding member of the ECP and a member of its executive committee.

The plant would be fueled by a 12 million ton-per-year surface mine operated by Peabody, which brings world-class safety, operations and environmental practices to the partnership. Huaneng, the largest generator in China and second largest in the world, will serve as the power plant operator.

Calera brings its proprietary technology to convert CO_2 into solid carbonates that can be used as building materials. Every ton of captured CO_2 is expected to produce two tons of cement construction material. The planned location has good access to serve electricity customers and industrial users in the Xilinguole Region.

"Peabody is a global leader advancing near-zero emissions from coal, and we are proud to partner with Huaneng and Calera in a world-class energy project that would serve as a new global model for clean energy," said Peabody Energy Chairman and Chief Executive Gregory H. Boyce. "Recycling carbon will create beneficial building products for fast-growing cities that are becoming home to hundreds of millions of Chinese citizens migrating from rural areas."

By 2025, China is expected to have more than 200 cities with populations greater than 1 million people, versus just 35 such cities today. China also is the world's largest and fastest-growing coal market, using coal to fuel approximately 80 percent of its electricity.

Its coal demand is expected to increase by 1 billion metric tons in less than five years, bringing annual use to 4.3 billion metric tons, according to the China National Energy Administration. Globally, coal has been the fastest-growing fuel the past decade.

In the coming months, the parties will evaluate engineering plans. Project development also will require a customary permitting and regulatory approval process. The power plant is expected to operate at least 30 years.

China Huaneng Group engages in the investment, construction, operation and management of power generation assets and the production and sale of electricity power. Its subsidiary company, Huaneng Power International, is listed on the Hong Kong Stock Exchange, Shanghai Stock Exchange and New York Stock Exchange.

Calera is a California-based company that converts carbon dioxide from fossil fuels into building materials, enabling production of clean power, cement and other products.

Peabody is advancing more than a dozen near-zero emissions, low-carbon partnerships globally, which includes participation in China's GreenGen near-zero emissions power project and carbon research center where Peabody is the only non-Chinese partner. The first phase of GreenGen operations is expected to be online in 2011.

Peabody Energy (NYSE: BTU) is the world's largest private-sector coal company and a global leader in clean coal solutions. With 2009 sales of 244 million tons and $6 billion in revenues, Peabody fuels 10 percent of U.S. power and 2 percent of worldwide electricity.

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