

ASIACHEM: NDRC Approved Coal-to-SNG Capacity reached 15.1 billion NM³/a

According to ASIACHEM, thanks the location advantages of West-to-East natural gas pipeline beginning, coal to Synthetic Natural Gas (SNG) will become the focus of the coal chemical industry in Xinjiang. After the regulation of NDRC on coal-to-SNG projects in June 2010, Qinghua SNG project is the first one approved, which reflects the central government hopes Xinjiang to develop the local economy by taking advantage of abundant coal resources and advanced coal conversion.

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Recently, Qinghua Group's Xinjiang coal to Synthetic Natural Gas (SNG) project was approved by the National Development and Reform Commission (NDRC). The project became the Xinjiang first, and also is the China's fourth NDRC approved SNG project.

Qinghua Group's SNG project is located in Yining County, Yili, Xinjiang; the coal feedstock will be secured from Yili River Valley region, while the SNG outputs will all enter into the West-to-East natural gas pipeline network. According to public information, the total investment is RMB 27.8 billion, and the designed total capacity is 5.5 billion NM³/a, which will be conducted by four phases. The first phase has capacity of 1.375 billion NM³/a, it has been started construction in July 2009, and it is expected to start up July 2011.

On June 18th 2010, NDRC published the "Notification on Issues Related to SNG Industry Development" on the authority's official website. Content of the notification can be summarized in three points: firstly, the SNG development shall be planned and deployed in line with the national energy strategy; secondly, SNG project must be initiated only after getting the approval from NDRC; thirdly, SNG project need secure the pipeline transportation and the available gas market.

Qinghua's project is the first one NDRC approved large scale SNG project in Xinjiang, and it is also the first one national approved SNG project in China after NDRC's regulation published.

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In addition, how the SNG enters the existing national gas pipeline network, and how to determine the pricing model, Qinghua will provide a demonstration for the following SNG projects investors in Xinjiang.

According to ASIACHEM Consulting, the governmental authority shall also pay attention to the coordination of SNG projects, including **the SNG transportation by national pipeline network and the cross-sector cooperation of CCSU (CO₂ capture, storage & utilization).**

Firstly, the existing nationwide backbone gas pipeline network consists of mainly “West-to-East” and “Sichuan-to-East China”, which are under the exclusive operation by PetroChina and SINOPEC respectively. Meanwhile, currently most of the SNG projects are invested by major coal and power producers. So, Governmental authority should take consideration on both the “quantity” and the “pricing”, to lead SNG into the sales market through the pipelines network and share the benefit from future gas price uprising.

Carbon dioxide from SNG and other new coal chemical processes are higher concentrated and easier to capture. While using carbon dioxide to enhance oil recovery (CO₂-EOR) can, at the same time by realizing CCS, create additional profit by the increased crude oil recovery, and is therefore considered as the most competitive large scale CCS solution. To realize CO₂-EOR, the steps include CO₂ capture, compression, transportation and oil field injection etc, where pipeline is the cost-effective way for CO₂ transportation. Also the step of oil field injection is possible only by admission of the oil production enterprise. Coordination by national authority is essential in these aspects.

According to the data from ASIACHEM, **up to Aug. 2010, NDRC Approved Coal-to-SNG Capacity has reached 15.1 billion NM³/a**, which including Datang’s billion 4 billion NM³/a in Chifeng, Inner Mongolia, Datang’s another 4 billion NM³/a in Fuxin, Liaoning Province, and Huineng’s 1.6 billion NM³/a in Ordos, Inner Mongolia as well as the Qinghua’s newly approved 5.5 billion NM³/a in Yili, Xinjiang.

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The "**CO₂ Capture, Storage & Utilization 2010**" will be held by ASIACHEM on 15-16 Sep.2010 in Shanghai China. The upcoming event will focus on China’s Carbon Tax design and policy and its impacts to industries (power generation, coal chemical and petrochemical, steel, cement etc.), the technology & economics of CO₂ Capture, Storage & Utilization projects, the outlook of CCSU particularly in CO₂-EOR, CO₂-CBM and CO₂ chemical utilization.

For more information about the upcoming CCSU Conference, please visit:

<http://www.chinacoalchem.com/events/2010CCSU/CCSU2010.pdf>

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