OVERVIEW OF PROJECT OPPORTUNITY:

The Chongqing Energy Investment Group (CEIG) in Southwest China wishes to maximize methane recovery and utilization from two of its mines. The mines, Yanjing #1 and #2, are being developed by a majority-owned subsidiary, Tianhong Mining Company. An internal combustion engine power plant of 8 MW capacity will be built in stages at each of the two mines to provide for the mines' electricity needs. The engines will consume approximately 25 million cubic meters of methane annually when the mines achieve their full capacity around 2016. The power project will create emission reductions estimated at 780,000 tons CO₂ equivalent per year over a project life of 20 years. CEIG hopes to reach an agreement with a developed country partner for sale of the associated carbon credits.

Based on higher than anticipated methane emissions during the mine development stage, CEIG believes that methane emissions from the two mines could be as much as 40 to 45 million cubic meters per year in excess of the amount consumed by the planned power plants. CEIG requests the assistance of foreign companies to more precisely assess this methane resource, and to study possible end-use options such as purification and/or liquefaction, and pipeline transport.

ESTIMATED ANNUAL EMISSION REDUCTIONS: 0.78 MMTCO₂E

PROJECT DETAILS

- Name of Mines: Yanjing #1 and Yanjing #2
- Type of Ownership: Public (provincial government)
- Have other feasibility reports been prepared?: Yes, for the power project portion of the project

MINE INFORMATION

- Mine Owner: Tianhong Mining Company
- Parent Company: Chongqing Energy Investment Group
- Status / Type of mines: Active / Underground
- Mining Method: Longwall
- Condition of roads in area: Paved

TYPE OF ASSISTANCE SOUGHT

- Financial Assistance: Buyer of carbon credits for power project
- Technical Assistance: Resource and end-use options assessments for additional methane

PROJECT FINANCES

- Projected operation and maintenance costs for fully implemented project: US$1.78 million
When the mine reaches full design capacity in 2014, drainage and ventilation emissions at the Yanjiang mines will increase. An excess beyond the 25 million m$^3$ of methane used in the power project will be available and could reach 40 million m$^3$ annually.

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MARKET ANALYSIS / DEMAND ANALYSIS

• The proposed power project will fill the demands of the mine, avoiding electricity costs of approximately 90 million Chinese yuan per year (USD 13.8 million per year)
• 20 million Chinese yuan profit per year (USD 2.9 million per year)
• 500 million Chinese yuan profit over the 20 year life of the project (USD 73 million)
• Currently seeking resource assessment and study of end-use options to determine demand for additional methane

FOR MORE INFORMATION CONTACT

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