

CONVERSION TECHNOLOGIES

GreatPoint Inks Huge Chinese Coal Gasification Deals

BY [JONATHAN SHIEBER](#)

PROJECT FINANCE

9/11/2008 – Coal-gasification technology developer GreatPoint Energy Inc. has signed a new agreement with Datang Huayin Electric Power Co. to jointly develop a several-hundred-million-dollar coal gasification project.

The new facility in China's Guangdong Province will be financed exclusively by the publicly traded Datang Huayin Electric, and is subject to the satisfaction of certain conditions and the negotiation of definitive documents, according to a statement from GreatPoint Energy.

Cambridge, Mass.-based GreatPoint's latest win follows an announcement that Datang Huayin will build another, larger, \$2.68 billion coal gasification facility in Inner Mongolia. That plant will also use GreatPoint technology.

In an interview with Clean Technology Insight, GreatPoint Co-founder, President and Chief Executive Officer Andrew Perlman said the company also has plans to build a several-hundred-million-dollar coal gasification facility in the U.S.

"We are building a plant of similar size to the Guangdong plant here in the U.S.," said Perlman. "We'll be building it in a similar timeframe. It will be a GreatPoint Energy plant, but we'll be bringing in a number of partners including the current strategic investors who are in the company now."

GreatPoint Energy has raised \$140 million to date and is backed by investors including Suncor Energy Inc., Dow Chemical Co., AES Corp., Peabody Energy Corp., and venture capital firms including Kleiner Perkins Caufield & Byers, Khosla Ventures, Draper Fisher Jurvetson, Advanced Technology Ventures and Citi Sustainable Development Investments.

Although the technology to convert coal into a synthetic gas has existed for many years, GreatPoint differentiates itself from other larger competitors by using a proprietary catalyst to produce a gas that is a direct replacement for natural gas, the company said.

Companies like the publicly traded coal-gasification company Synthesis Energy Systems Inc., and manufacturing and oil and gas giants like General Electric Co., Mitsubishi Corp., Royal Dutch Shell Group, and ConocoPhillips Inc. are all marketing their own gasification services, Perlman said.

"They're all thermal gasification [technologies], where you're basically using the brute force approach of using large amounts of energy and heat to convert coal to gas," Perlman said.

By comparison, GreatPoint uses a catalyst that reduces the amount of power needed to manufacture its gas.

The project in Guangdong will use coal or petroleum coke as its feedstock and will process approximately 1,500 tons of feedstock per day.

As either the first or second largest consumer of coal in the world, Datang Power needed to try to reduce its emissions footprint and find cleaner methods for generating power, according to Perlman.

For GreatPoint investor Andrew dePass, managing director of Sustainable Development Investments, a division of Citi Alternative Investments, the reason for the partnership is simply a matter of China's vast need for cleaner energy.

"China relies significantly on coal to fuel its power plants with significant environmental impact. [GreatPoint's technology] has lower capital costs than integrated gasification combined cycle plants and it produce methane directly instead of syngas," dePass said. "The bottom line is it's a clean coal solution and coal is a big problem in China."

<http://www.greatpointenergy.com>

<http://www.hypower.com.cn>

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