

# Big plans for Abbot Point

Source: Australian Coal Report

Date: May, 2010

Queensland's most-northern coal port (just north of Bowen), Abbot Point, is ramping up to become one of the world's biggest exporters of coal. The port currently sits at a rated capacity of 25Mtpa, a fraction of the capacity of some of its east coast contemporaries; Hay Port has a 129Mtpa capacity, Port of Gladstone has a 76Mtpa capacity and the world leading Port of Newcastle has a nameplate capacity of 143Mtpa.

But, following the state government's awarding of preferred developer status for two new coal terminals at Abbot Point, it is expected by 2015, the port will have a nameplate capacity of 110Mtpa – with a heavy mix of both thermal and coking coal being exported from the port.

BHP Billiton looks set to increase its dominance in Queensland, being named preferred developer for one, while Hancock Coal is a step closer to unlocking an export route for its projects in the untapped Galilee Basin. But, fellow Galilee hopeful, mining magnate Clive Palmer's Resourcehouse appears to have been left out in the cold missing out on an allocation at the port.

"The preferred developers were chosen because they offer the best opportunity to optimise the use of the land and achieve the best tonnage throughput," port owners North Queensland Bulk Corporation (NQBP) said.

Initially, two single user terminals will be built adjacent to the current Abbot Point Coal Terminal (APCT), each with a 30Mtpa export capacity, while expressions of interest have been made to increase capacity to 50Mtpa and 60Mtpa for BHPB and Hancock respectively.

Expansions at the existing APCT, due for completion in 2011, are expected to extend the terminal's capacity to 50Mtpa, NQBP said.

Running in conjunction with APCT's expansion, is the development of the almost-fabled Northern Missing Link (NML) project which is expected to be completed in early 2012. It will allow coal to be railed from mines on the Goonyella System in the Bowen Basin to Abbot Point.

The timeframes for the other two coal terminals aren't so certain. While analysis are tipping Hancock's proposal, which includes a purpose-built rail line from the Galilee Basin, will be up and running by 2013-2014, in time to start exporting thermal coal from its Alpha and Devin's Corner coal projects; BHPB aren't giving much away.

"BHP Billiton will now enter into detailed discussions with the Queensland Government, through North Queensland Bulk Ports, to settle arrangements for the construction of the new terminal, including expected timeframes," a spokesperson for the company said in an emailed statement. BHPB also responded to rumours it will scale back expansion plans at its single user 44Mtpa Hay Point Coal Terminal – which is about 200km down the coast

from Abbot Point – with a categorical denial, saying its “growth projects require additional port capacity”.

BHPB has plans to extend capacity at Hay Point to 55Mtpa; a project dubbed HPX3. Final approval for the development is expected when feasibility studies are completed, estimated to be 3Q 2011, the company said.

Once, BHPB has upgraded Hay Point and has Abbot Point developed and upgraded to 50Mtpa, the company will have 105Mtpa of dedicated coal terminal capacity in Queensland. It also has allocations at the common access Dalrymple Bay and Abbot Point coal terminals.

And, “a further expansion at HPCT to 75Mtpa is likely to happen not too far down the track,” a Brisbane-based analyst said.

“There are a few unknowns still floating around, but I’d say it’s a fairly safe bet that the current 25Mtpa port will be exporting up to 110Mtpa by 2015, with another 50Mtpa not too long after that,” the analyst predicted.

Commentators are now scrambling to anticipate the next move for Palmer’s 60Mtpa Resourcehouse project.

It is expected Palmer will make a bid to win the 99-year lease to be offered for the existing Abbot Point Coal Terminal as part of the Queensland government’s asset sell-off, once it is placed on the market.

Though, if successful in winning the lease, Palmer will need to build yet another terminal or upgrade the existing APCT to support the 60Mtpa goal for Resourcehouse.

“I think we will have to do whatever we have to do, to make sure that we are not hamstrung in the future and that we can expand, be that building new ports, acquiring new ports or whatever, and I think we’ve got the funds to be able to do that,” Palmer was quoted as saying by APN Newspapers.

The sale process for APCT is to commence later this year, NQBP said.