

Arrow, ERM Form Braemar 2 Power Station Partnership

A row Energy and ERM Power have formed the 'Braemar 2 Partnership' to develop the 450 MW Braemar 2 power station, and associated high pressure gas pipeline.

The power station will be located approximately 40 km west of Dalby in southern Queensland, adjacent to the Braemar 1 power station. Braemar 1 was managed by ERM Power from conception through to construction, operation and trading.

The power station, estimated to cost A\$545 MM, is in close proximity to Arrow's Daandine and Stratheden gas fields. The initial development of the Stratheden field has already been approved by the Arrow board, with development work underway.

Arrow has signed a gas sales agreement with the Braemar 2 Partnership to supply 11.5 PJ p.a. of gas over a 12 year period, using a pricing formula that will look through to the underlying electricity revenues. ERM Power will continue to manage the project through construction and commissioning and has entered into a long term contract with the partnership to operate and to trade the power station's output. Electricity generated will be traded in the National Electricity Market and offtake agreements including financial derivatives will be entered into directly with electricity retailers.



Artist's impression of the proposed Braemar 2 power station

Siemens Ltd, designer and manufacturer of gas turbines and electricity generators, is supplying the power plant. Bilfinger-Berger will be the major contractor for the power station construction.

Site works commenced in January, with full commercial operation from the plant scheduled to meet peak demands in winter 2009.

Arrow CEO Nick Davies said, "this investment will further cement Arrow's position as a fast growing integrated energy company. The development of this power station positions Arrow well to meet the growing energy demands of the fast growing Queensland economy." ■