

EASTMAN GASIFICATION SERVICES COMPANY

Your partner in the technology of choice

COAL GASIFICATION IS COST-COMPETITIVE

More than 20 years of coal gasification experience at Eastman Chemical Company tells us gasification is cost-competitive with other electric power technologies, including pulverized coal and natural gas. Here's why:

CAPITAL COSTS

The capital costs of new coal gasification power plants are now estimated to be at parity with the newest generation of pulverized coal power plants.

Moreover, pulverized coal capital costs have risen in recent years and are projected to continue to rise as the result of ever-tightening federal air pollution and other environmental regulations. Coal gasification, on the other hand, has fewer potential environmental side effects, and the capital costs of such plants are decreasing as accumulated learnings are incorporated into future designs.

The gasification process also produces marketable by-products, such as elemental sulfur.

Moreover, the costs associated with the removal of volatile mercury and with carbon dioxide capture and sequestration (when removals are required) are much less for gasification than for competing technologies.

FUEL COSTS

Coal processes (including gasification) are generally competitive with natural gas processes whenever natural gas prices are in the range of \$2–\$2.50 per million Btu higher than alternative coal prices. Energy experts now predict natural gas prices will remain well above the break-even differential through most of this decade.

Sustained natural gas prices at this level would continue to harm America's homeowners, businesses and industries. We hope this scenario will not occur; unfortunately, a prolonged period of high natural gas prices is likely.

SUMMARY

In analyzing capital costs, operational costs, and fuel costs, we believe the generation of electricity from coal gasification is competitive right now. As additional commercial-sized coal gasification plants are built, the cost-competitiveness of this environmentally superior technology will become more evident, especially when the best practices Eastman has developed over the years are incorporated into future designs and operations.

If you're ready to initiate a gasification project or would like to learn how you can optimize an existing plant, call an Eastman representative today or visit Eastman Gasification Services online at www.gasificationservices.eastman.com.

CALL US AT 800-EASTMAN, EXT. 1740

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