



# LOOKING FOR POWER PROJECT PARTNERS: NEWMONT'S ENERGY STRATEGY

BY ELIZABETH JUDD, EXECUTIVE CORRESPONDENT, ENERGY AND MINES



**Michael Aire**  
Environmental Director  
**NEWMONT**

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**A**s Newmont finalizes its energy and climate change strategy, the company is considering various plans, including an 8-10 megawatt solar plant in Tanami, Australia, explains Michael Aire, the company’s director of environmental corporate sustainability and external relations. To meet the goals spelled out in the strategy, Newmont is hoping to forge partnerships with international power companies interested in renewable energy projects.

**E&M: Can you update us on what your organization is doing to address energy cost and supply concerns on both the corporate and operational levels?**

**M.A.:** Historically, we’ve done energy efficiency investment in our Australia/New Zealand sites, and have plans to do energy efficiency investment at all of our sites. In Australia and New Zealand, we’ve identified 80 projects and have implemented about 40 for cost savings.

In addition, we’ve just developed a new energy and climate change strategy, which will be finalized this year and implemented next year. The main goals for our strategy are to develop economic and secure supplies of energy while balancing our energy demands, energy portfolio, and greenhouse gas emissions -- and to position business for adaptation to climate change.

**E&M: Currently, what percentage of your operating costs are related to energy?**

**M.A.:** We spend approximately \$1 billion a year, which is roughly 20% of our operating expenses. And around 18% of what we’re spending on energy is on renewables, hydroelectric power and bio-diesel mostly.

**E&M: How far out do you currently project your energy costs as part of operating expenses for a particular mine site?**

**M.A.:** We usually do a three-year budget cycle for operations. In our projects, though, when we’re building a new mine, we actually project life of mine, which could be ten or 15 years.

**E&M: Do you set targets to reduce costs? And if so, how do you calculate these targets?**

**M.A.:** We had loose targets in the past, but we’ve got to develop tighter targets. In the past, we’d engage the regions and the sites to determine what kind of efficiency improvements they could make. Then we’d determine at a corporate level what that target could be based on the site information. In the past, our target was a 10% reduction over the next few years, but we’ve got to reevaluate that.

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**Newmont Mining Corporation**, based in Greenwood Village, Colorado, USA, is one of the world’s largest producers of gold, with active mines in Nevada, Indonesia, Australia, New Zealand, Ghana and Peru.

**E&M: Was that target not ambitious enough?**

**M.A.:** It just wasn’t linked in with what the sites could do. It was somebody thinking we could do 10% in the next few years, which is probably realistic but it’s not based on any site information. Part of our new energy and climate change strategy will be to engage the sites and regions with a goal to reduce our energy costs and energy use.

**E&M: What new energy solutions like renewables integration are you exploring to help address energy challenges?**

**M.A.:** Our number one opportunity is solar energy in our Tanami, Australia operations. We’d like to put in an 8-10 megawatt plant there. The Northern Territories are ideal for solar energy.

Our second opportunity is HDRD (hydrogenation-derived renewable diesel). HDRD is made from waste and bioproducts -- that would be an ideal solution for our underground operations. It’s a very clean fuel and low in particulates. It has no sulfur in it. We’d look at contracting that for our underground operations, first in Nevada and then elsewhere.

The third near-term opportunity is micro-hydro in Peru. We have an ongoing study to determine the parameters of our resources to see if they’re good for micro-hydro generation.

**E&M: Can you tell us more about the process for investigating new energy solutions? For instance, how are new projects approved?**

**M.A.:** We formed an inter-functional Global Energy and Climate Change Team, which consists of subject matter experts here in Denver and regional subject matter experts in Nevada, Australia, Africa, and South America. That team consists of about 12 people, and will compile opportunities, assess the opportunities, and then make recommendations on which opportunities we should pursue and when.

We have to develop a business case for each of the projects we put forward. That goes to our Investment Council, which consists of our CFO and other executive vice presidents and senior vice presidents. They approve the projects they feel should be funded.

**E&M: When you’re trying to decide on the best energy solutions for your operations, what information is useful for making the right decisions?**

**M.A.:** One of our goals for our new energy and climate change strategy is long-term, stable, reliable power supply. What we need are partnerships with international power companies that can construct and operate local power plants in developing countries. As part of that partnership, we’d want to leverage funding mechanisms like the U.S. TVA (Tennessee Valley Authority), which has a program called Power Africa that provides low-interest loans and other funding mechanisms for renewable energy in Africa.

We don’t want to build our own power plants. We have in the past, but going forward we want partners that will build the power plants, supply our needs for a new mine, and leverage those monies available to enhance the economies of these developing countries or provide renewable energy for developing countries. That’s what we really want.

Mike Aire will be presenting at the Renewables and Mining Summit and Exhibition, Toronto, October 15-16, 2014. Full details at: [www.energyandmines.com/toronto](http://www.energyandmines.com/toronto)