



Speech by

JEFF SEENEY

MEMBER FOR CALLIDE

Hansard 28 October 1999

MINISTER FOR MINES AND ENERGY

Mr SEENEY (Callide—NPA) (6.27 p.m.): I rise to support the motion that was moved by the member for Hinchinbrook. It is interesting to see the Deputy Premier come into the Chamber to back up another useless Minister. This seems to be the Deputy Premier's role in this Government. Last night he was in the Chamber picking up the pieces after the incompetent performance by the Minister for Environment and Natural Resources. Tonight he is trying to prop up the useless Minister for Mines and Energy. I can inform the Deputy Premier that he has a lot of work ahead of him.

The threat that this Minister ignores, namely, that publicly owned generating assets in Queensland could be stranded by the economic reality of a competitive market, is very real. The threat was alluded to by the Deputy Premier himself, although I do not think he understands it.

In fact, the threat verges almost on the inevitable. The member for Hinchinbrook has raised the matter, particularly in terms of the impact of the price discrepancy between coal and gas. But the fact is that there are more fundamental reasons why the record of this particular Minister expands that risk. As the member for Hinchinbrook has pointed out, Queensland's generating profile is no longer the fittest following some of the decisions that flowed from the need, under the Goss Government's mismanagement of this portfolio, to achieve expedient rather than effective megawatts to meet demand.

We have, therefore, to a rather disturbing extent in this State, a very dysfunctional generation profile: too little competitive base load versus too much non-competitive base load, and too strong a bias on shoulder, intermediate and peaking plant. There are two major and related complications ahead for the uncompetitive elements of our system. One is the now rapidly emerging mass of state-of-the-art coal-fired plant. That is going to be super competitive. Stanwell and Callide B are of that generation. That amounts to 2,100 megawatts of very good power. Callide C, at 840 megawatts, is now under construction. Millmerran is also a goer—at 840 megawatts. Kogan Creek is ready to go—at 700 megawatts. That amounts to 2,380 megawatts of coal-fired power set to come on line over the next three or four years, subject to decisions of this Government, on top of the 2,100 pre-existing megawatts of highly competitive capacity. These stations are likely to be the only stations on the Queensland grid which will be able to compete effectively with New South Wales's oversupplied system and Victoria's privatised system. A lot of our other generating assets are therefore likely to be at considerable risk of becoming power museums.

Another tier of the threat is the Government's push for gas-fired power projects as part of its efforts to consolidate demand for the Chevron project. It is very difficult to tell precisely how many megawatts of gas-fired power the Government is pushing for because not all the customers that have been aggregated by Energex and Ergon have been identified. There are at least 400 megawatts of new power proposed at Townsville, as well as the conversion of two liquid-fuelled peaking plants there to gas. That gives around another 500 megawatts. There has been a suggestion of 700 megawatts of gas-fired plant to be built by Tarong Energy, and NRG has plans for a 368 megawatt gas-fired power plant at Gladstone—which can only really be based on the possible Comalco Alumina Refinery.

So there is another 2,000 megawatts, without including such things as the 303 megawatts coming on line at Oakey next year and the 500 megawatts of power from New South Wales via Westlink towards the end of next year or early in the year 2001. In other words, if all of these projects were approved and went into construction, we would have a virtual replication of the entire generating

capacity of the State within three or four years. Obviously, that is unlikely. Some projects are not going to get the go-ahead, either from the Government or its backers. That is pretty obvious.

However, a significant proportion of that capacity is likely to get the go-ahead and the competition is going to be so fierce that some will not survive. It would seem obvious that the most likely victims are going to be the older assets, the less efficient assets that are in the system because of the hiatus in the planning during the early 1990s when, for the six years of the Goss Government, not one major power station was built. When those assets are stranded by the economic realities of a competitive market, that is going to be taxpayers' money down the drain. It is going to mean disruption to communities. It is going to mean a loss of jobs in those communities. This Government and this Minister should come clean and tell us how they are going to cope with that particular set of circumstances.
