



Speech by

## Hon. KEN HAYWARD

MEMBER FOR KALLANGUR

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Hansard 28 October 1999

### MINISTER FOR MINES AND ENERGY

**Hon. K. W. HAYWARD** (Kallangur—ALP) (6.30 p.m.): It is a pleasure to rise in this debate and speak in opposition to the motion that has been moved by the member for Hinchinbrook. The fundamental issue in this motion is the matter of balancing supply and demand and ensuring future supply. If members took the opportunity to listen to the contributions of the members for Merrimac and Hinchinbrook, they would know that the issue that they were most concerned about was price. Those members were worried that in the future demand would exceed the supply and would therefore push up the price. However, it seemed to me that, in his contribution, the member for Callide went on about having too much supply in the future and that that would have the effect of driving down prices. He said that, on the basis of prices being driven down, some power stations will become uncompetitive. So anybody who was listening to those contributions would know that there is some confusion among the members opposite who moved this motion.

When this Government came to office, it inherited an extremely tight supply and demand position. That is well known to everybody in this place. The record of the previous Government was highlighted by its cancelling of the Eastlink project and putting in its place enormously expensive power purchase agreements for peaking power stations. We all know that that happened. Last February we saw demand peaking at almost 6,000 megawatts. In the 1999-2000 year, depending on weather conditions, we could see peak demand reaching 6,500 megawatts. However, I think it is important to note that, since last summer, over 550 megawatts of new generator capacity has been commissioned in Queensland to meet the expected demand over the summer period and a further 276 megawatts of capacity is scheduled in January next year. It is expected that these new supplies will provide sufficient capacity to meet expected peak demands in the 1999-2000 summer. Obviously, that is when the biggest demand for power occurs. I think that we all know—and certainly the Minister knows better than most of us—that the situation will be monitored constantly, as it was last summer, and action will be taken should difficulties arise.

In 2001 the Callide C extension will also be commissioned. That will add something like 840 megawatts to Queensland's capacity in two stages. It is estimated that in the first stage in May 2001 it will be 420 megawatts and a further 420 megawatts in December 2001. The Government has also embarked on an accelerated program for bringing the interconnector on line. It is finally going to get here. This link will provide an additional 500 megawatts of capacity in Queensland. Importantly, with reference to what the member for Callide said, it will provide the ability for Queensland to export up to 1,000 megawatts to the national grid. So not only will the demand be met but also the extra capacity, as it becomes available, will be able to be exported to the national grid. The accelerated program will see 200 megawatts of capacity on line in December 2000 and the remaining 300 megawatts in the first quarter of 2001.

Northpower and Transenergy have also proposed an underground 180 megawatt link between Terranora and Mullumbimby to be called Directlink. This interconnector is planned to be in service by early 2000. These power projects will take system capacity to around 8,062 megawatts in the summer of the year 1999-2000, 8,562 megawatts in the summer of the year 2000-2001 and 9,402 megawatts in the summer of the year 2001-2002. This is expected to provide more than sufficient reserve capacity to meet expected demands at these times.

The point that I think was missed by the member for Callide in his contribution when he referred to an oversupply is that the interconnector will provide the opportunity to export power to the national grid.

Time expired.