



Speech by

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Hansard Tuesday, 23 November 2004

ELECTRICITY AMENDMENT BILL; ELECTRICITY AMENDMENT BILL (NO. 2)

Mr ROWELL (Hinchinbrook—NPA) (7.58 p.m.): The electricity industry and our dependency on electricity is an essential ingredient of life today. I rise to speak in this debate to the Electricity Amendment Bill (No. 2) 2004. I understand that the purpose of this bill is to improve guaranteed service levels to Queensland customers, improve the surety of supply and improve the reliability of Queensland's distribution and transmission network.

I note that there are a number of amendments which broaden the definition of a standard customer contract—that is, the terms and conditions upon which electricity is sold to franchise, non-contestable customers. In particular, I note the omission of section 51A of the current Queensland Electricity Act 1994. Section 51A prevents an electricity retail entity from changing the terms and conditions upon which electricity is sold or supplied to a franchise customer without first seeking the approval of the Minister for Energy. Clause 11 of the bill seeks to remove this restriction.

This is interesting, because I would only expect this particular amendment to be made to the Electricity Act once full retail contestability or FRC had been implemented and all residential customers were required to nominate an electricity retailer of choice. I note that when FRC was introduced in New South Wales amendments were introduced to the New South Wales Electricity Supply Act 1995 so that the local electricity retail entity was required to continue supplying the franchise customer. However, under section 39 of the New South Wales legislation, the terms and conditions of supply could not be amended without in-depth customer consultation and public notification. I seek the minister's assurance that if section 51A is omitted the act is capable of continuing to protect small contestable customers once FRC is introduced.

I also note that clause 13, which introduces section 55C, permits non-contestable customers to choose their retailer under certain circumstances, thus blurring the line between contestable and non-contestable customers. The amendments also appear to dilute the definitions associated with retail and distribution entities. With respect to the minimum service levels, guaranteed service levels, or GSLs, are to be included within the act. I can only presume that these will be introduced into the act through proposed section 64FA to which clause 15 refers which allows a regulator—that is, the chief executive of the Department of Energy—to establish a code approved by regulation. Minister, I was expecting somewhat more detail than this. I must say that this method of introducing minimum standards and GSLs will be subject to very little consultation.

I also wish to bring to the minister's notice the proposed Kareeya to Innisfail transmission line, which has been on the table since 1999. A number of years ago Powerlink proposed to replace this section of the north Queensland transmission line, which has a present capacity of 132 kVa, with a new 275 kVa line in order to increase the supply to far-north Queensland. This is essential because of the growth that is occurring in the area, particularly in the Cairns region. The existing route runs from the Kareeya Hydroelectricity Power Station, which incidentally has had some problems recently with its turbine, and then east to the Innisfail substation. However, rather than simply upgrading this line, Powerlink developed

a so-called preferred preliminary alignment which followed a coastal route. Powerlink proposed that this route use one of a number of alternative crossings to traverse the Basilisk Range and was discovered to have illegally cleared forest and constructed an access road on the Basilisk Range without obtaining the relevant permissions in March and April 2000.

Whilst this year has seen land-holders suffer severe financial penalties and hardship at the hands of this government for clearing vegetation on their own properties, some of which has been on land cleared almost a century ago by early Queensland settlers, we have an example here of Powerlink simply going ahead and clearing vegetation without going through due process. When this was queried by the state's opposition, the Minister for Natural Resources, the Hon. Stephen Robertson, made reference to an investigation into the unlawful entry and destruction of forest product resulting from Powerlink's actions. He also advised that the limitation period for commencing prosecution had expired, thus conveniently excusing himself from having to take any action and allowing Powerlink to escape any penalty for its actions. I think that is an absolute disgrace.

In 2001 in an attempt to justify the coastal route being proposed, Powerlink insisted that under the rules of NEMMCO it was required to choose the cheapest route available. The proposal is an upgrading to an existing line, and even at 275 kVa it has insufficient capacity to be of interest to NEMMCO. Furthermore, NEMMCO has verified that there are no financial requirements for a regulated transmission line of the 275 category. On NEMMCO's maps the line virtually appears as part of the distribution network, and since Powerlink is a government owned corporation this makes the augmentation of the proposed Kareeya to Innisfail coastal route a state government issue. Therefore, Powerlink and the state government cannot look to place responsibility for any decisions which they make regarding this issue on NEMMCO or the federal government. The federal government has an interest in this powerline only where it crosses into Wet Tropics World Heritage areas such as the southern and central Wet Tropics areas. Where it does so, the permission of the Wet Tropics World Heritage Ministerial Council will be required for any work completed in World Heritage areas. This, Minister, is the only point at which the federal government or a Commonwealth agency has any relevance to the Kareeya to Innisfail powerline. The coastal preliminary preferred option is therefore a Powerlink concept.

As I stated in 2002, there is no local support for the high voltage transmission line through the scenic coastal freehold valleys of north Queensland, and there are many people who are extremely disappointed. The proposed route crosses through the properties of some 156 land-holders, none of whom want the powerline on their land. The inland route already exists and it is clear that any upgrading of the line should use the existing accepted route. Where this transverses World Heritage area, it has been suggested that an over-the-canopy tower could be used. These towers, of course, are quite high. Anyway, it is an option that is available which cannot be negated on the grounds of expense since this is clearly a Powerlink responsibility.

As required under the Commonwealth Environment Protection and Biodiversity Conservation Act 1999, Powerlink did eventually develop an environmental impact study, or EIS. However, this failed to give specific coordinates for the preferred preliminary coastal option and detailed descriptions of the work to be carried out. It failed to provide this information. Powerlink's EIS did not meet the requirements set out under section 2 relating to description under schedule 4 of the Commonwealth Environment Protection and Biodiversity Conservation Regulation 2000 for the content of an EIS. Under schedule 4, this requires a description of the action including, firstly, all components of the action and, secondly, the precise location of any work to be undertaken, structures to be built or elements of the action that may have relevant impacts. It would perhaps have been better if Powerlink had followed its own advice as set out under section 23.1 of its EIS, which states—

However, the Corridor Selection Report concluded that the western option was the corridor likely to result in the lowest levels of overall impact, based on a variety of social and environmental considerations.

I am sure the minister knows all about it. It continues—

The western option also appeared to offer the most scope for reducing impacts by adjustment of the transmission line design.

Under schedule 4, Powerlink's EIS should have nominated a preferred option and should have provided very specific details regarding that option. I understand this view has been verified by the Hon. Senator Ian Campbell, the federal Minister for the Environment and Heritage, as the federal government's representative on the ministerial council for the management of the Wet Tropics of Queensland World Heritage areas. The process we have been through with this particular issue is extremely disappointing.

I want to turn to the bill itself, because there are a number of areas that are of extreme importance. On the one hand page 5 of the explanatory notes talks about mandating 13 per cent gas generation while on the other hand page 3 of the minister's second reading speech does not talk about a mandate.

I think that is quite extraordinary because the minister stated the following in his second reading speech—

That is, the scheme will not mandate participation by gas-fired generation but instead relies on a market based mechanism to encourage their involvement.

Then the explanatory notes state—

Under the Scheme, greenhouse gas emissions from electricity generated to support Queensland load will be significantly abated through mandating greater use of gas-fired generation.

So there are some contradictions. In relation to the abatement of greenhouse gases, we are also seeing a variation in the figure—from 19 megatonnes in the explanatory notes to 26 megatonnes in the minister's second reading speech. It is considered that the power station at Yabulu would reduce greenhouse gases by some 7.5 megatonnes over a 15-year period. Although the power station at Yabulu is nearing completion, it is already totally inadequate in terms of the requirements of far-north Queensland and north Queensland. We need a base load supply that is certainly much, much better than what we have at present. I know that a lot of money has been spent in that northern sector power station. At present it is in the order of \$500 million. Enertrade is constructing a 391-kilometre pipeline from the gas field into Townsville to the nearby Yabulu power station. The actual coal seam methane gas is being produced at Moranbah and the conversion by the power station owner, Transfield, of the existing open cycle peaking plant at Yabulu will be to a 220-megawatt combined cycle, base load gas-fired power station. Although it is quite a considerable power station, it is very much short of the requirements for north Queensland for a base load power station.

Of course, when we are talking about electricity generated through these gases, we are talking about gas electricity certificates, known as GECs. Retailers are to surrender to a regulator the GECs that are equivalent to 13 per cent, which is being mandated in this bill. There will be exemptions for large consumers. I think it is ironic that that special consideration is being given because a lot of these bigger energy users do not warrant such special consideration. I know that those large consumers say that they need the exemptions because the cost of electricity is going to be prohibitive, but they are the ones that are probably going to create significant levels of greenhouse gases.

I note that the bill refers to 1 January 2005. But I do not understand that there is sufficient gas at present to reach that 13 per cent level that is so necessary in order to comply with the legislation. I would like to ask the minister: will there be exemptions? The Energy Consumer Protection Office will kick in with those levels of consumption that are under the 200,000 kilowatt hours, which equates to about \$20,000. That is not really a large supply by any measure. It is quite a moderate supply for a lot of businesses. So anybody who is over that electricity consumption would not be eligible for any assistance from the Energy Consumer Protection Office.

I know that in his second reading speech the minister talked about the jobs and the infrastructure that is going to be created in towns such as Roma, Oakey, Injune and Moranbah. Of course, in terms of a mandate for E10 fuel, a similar scenario was proposed for the sugar and grain towns all up the coast and inland. Yet the Labor Party would not accept that private member's bill. It voted against that bill, which mandated a 10 per cent blend. We went a little bit further than that. To ensure that customers were absolutely satisfied with their ability to get straight, unleaded fuel, we went up to a 65 per cent usage of the 10 per cent blend—E10—which is so critical in terms of getting rid of greenhouse gases. For example, each year in Queensland four billion litres of fuel is used. If we had mandated for a 10 per cent blend of ethanol in 65 per cent of the fuel that we used, we would be down to using about 260 million litres of fuel a year. If we did that over a 15-year period, something like 10 million tonnes of carbon would be removed from the atmosphere.

During the debate of that private member's bill, there was great discussion about mutual recognition and section 92 of the Constitution. This bill refers to transporting electricity over borders. What happens at present if we wanted to get electricity from New South Wales in a contestable situation? The only real option that we have is to use the western extension. That grid is the only way that we would get the electricity through the interconnector. In terms of mutual recognition, if we had to buy electricity that had a 13 per cent content of gas-fired electricity, we would find that the content of gas-fired electricity supplied by the states would vary. So despite all the rhetoric that went on from the government when we debated the private member's bill that related to ethanol, we find that, when it comes to cleaning up the atmosphere and getting rid of greenhouse gases, there is a considerable variation in the government's attitude. The opposition's proposal to mandate E10 fuel would have been a major benefit for the environment. But no, Labor voted that bill down.

I would also like to refer to the enormous amount of work that is done by Ergon Energy staff. When there is a power situation, they are on the job very quickly. They are the ones who bear the brunt of the effects of not enough money being put into the system. Over a long period, the maintenance level has been particularly low. Of course, we have vegetation growing up and around the powerlines. That has caused quite a bit of angst during storms. Lines and conductors have come down as a result of branches hitting them. Very often the Ergon staff have to go out during storms. During those times, it is quite dangerous work: scaling poles, putting in fuses and all of those sorts of things that they are required to do. They do that job very admirably. So despite the fact that our electricity supply industry is faulty to some extent, there are people out there who are working to preserve it to make sure that we get the best results possible.