



Speech by

Hon. PETER BEATTIE

MEMBER FOR BRISBANE CENTRAL

Hansard Thursday, 20 May 2004

MINISTERIAL STATEMENT

Kogan Creek Power Station

Hon. P.D. BEATTIE (Brisbane Central—ALP) (Premier and Minister for Trade) (9.38 a.m.): Today I am pleased to announce a significant development in the continued growth of Queensland as the energy hub of Australia. The government has granted approval to government owned corporation CS Energy to proceed with development of the Kogan Creek power station near Chinchilla. The state government, through CS Energy, will spend \$1.1 billion to develop the Kogan Creek base load power station. It will create 1,000 jobs during construction and 120 permanent jobs when fully operational. This is great news for Queensland, the shires of the Darling Downs and Chinchilla in particular.

The power station will be constructed by a consortium of Siemens/Hitachi over a 39-month period under a fixed-price contract with CS Energy for commercial operation in September 2007. The development of the Kogan Creek power project sees both a strong stand-alone commercial project being delivered and long-term security in terms of low-priced electricity supply for Queensland. Queensland is the growth state and requires new energy infrastructure to cater for that impressive growth. Population gains as well as the continued investment by industry will increase demand for electricity in Queensland. We are preparing for that demand.

The state government has recognised the need to cater for this growth and the commercial and economic benefits this project will bring. Reliable, low-cost electricity is fundamental to Queensland's continuing international competitiveness as a destination for major industrial developments. In terms of local benefits, at least 40 per cent of the value of the project will be carried out by Australian contractors. The consortium looking after construction will offer opportunities to Queensland and Australian manufacturers to supply components to the project. CS Energy is experienced with construction and construction staff on its sites. Using the Callide C Power Station in Biloela as an example, CS Energy expects a sharp rise in the numbers in Chinchilla due to the construction work force. Over the three years of the Callide C project, workers were well assimilated into the local community and they received strong support.

A Chinchilla Community Benefits Trust has been established under the project for the purpose of developing and upgrading community infrastructure to support the local region. CS Energy has committed to the upgrade of Banana Bridge Road and various facilities at the Brigalow State School to offset the impact of increased traffic. When complete, the Kogan Creek power station will be one of the lowest cost black coal-fired power stations in the national electricity market. At 750 megawatts, it will also be the largest individual generating unit in Australia and is forecast to provide seven per cent of Queensland's demand when commissioned.

The Kogan Creek project will be located within proximity to the Queensland-New South Wales interconnector and will compete for market share in both states. Development of the power station will include development of the adjacent Kogan Creek coalmine, forecast to produce 2.8 million tonnes of coal per annum. The ready supply of low cost, good quality steaming coal from the Kogan Creek mine is one factor which will make Kogan Creek one of the lowest cost producers in the national electricity market.

Kogan Creek will utilise advanced supercritical technology, resulting in significantly reduced greenhouse gas emissions compared to existing power stations. The power station has been designed to use dry cooling technology which results in 90 per cent less water consumption than conventional generators. Water requirements will be met from underground artesian basins and ensure that no pressure is placed on the fragile Condamine River system. Equally importantly in Queensland, this water self-sufficiency effectively drought proofs the plant, ensuring secure electricity supplies through even the most difficult conditions.

The Kogan Creek project has been a long time in the making. In March 2000 the government issued a generation authority for a proposed 750 megawatt coal-fired Kogan Creek power project. In June 2000 CS Energy acquired a 40 per cent interest in the project and has held a 100 per cent interest since April 2002 when it acquired the remaining 60 per cent interest held by Mirant Australia when Mirant exited its Australian businesses. CS Energy also acquired the Kogan Creek coal deposit at that time. The Kogan Creek licence was the last coal-fired generation licence issued under the *Queensland Energy Policy—A Cleaner Energy Strategy* which states that no further generating licences for new coal-fired power stations will be issued by the state unless there is a clear and demonstrated need.

The energy policy was developed incorporating the Kogan Creek project, and I make that clear to everybody. Queensland is right to claim one of the best electricity systems in the country. Queensland has shown the way with new investment and low wholesale electricity prices. That is good for industry and consumers and good for jobs. Including the latest \$1.1 billion Kogan Creek power station, Queensland has invested a total of \$4.7 billion into new electricity generation since the national electricity market began in 1998. In fact, Queensland's investment accounts for around three-quarters of the \$6.3 billion in new generation investment in the national electricity market—NEM—over this time. It is another reason why people and industry keep coming to Queensland. This a very significant announcement for the state. I want to thank the Energy Minister, Stephen Robertson. I want to thank the Treasurer, Terry Mackenroth, and other ministers for working very closely together to deliver this on behalf of my government. This is not just the Smart State; we are building a long-term vision for the future of Queensland. Frankly, this is what Queenslanders want. They do not want the politics of muckraking and all those sorts of things. This is what they want for Queensland.