



Speech by

Shane Knuth

MEMBER FOR CHARTERS TOWERS

Hansard Tuesday, 13 May 2008

CLEAN ENERGY BILL

Mr KNUTH (Charters Towers—NPA) (9.42 pm): I rise to speak to the Clean Energy Bill and address the need to diversify the energy requirements for the growing state while protecting current industries. One objective of the bill is to increase the level of the gas scheme target to 15 per cent in 2010 and progressively to 18 per cent by 2019. The north Queensland gas pipeline, or NQGP, transports coal seam methane gas from Moranbah to Yabulu power station in Townsville. The pipeline provides a link between the north Bowen Basin and Townsville and provides scope for future connections to other central Queensland markets. The pipeline measures almost 370 kilometres and created construction and other jobs in north Queensland as well as developing an underutilised Queensland resource, coal seam methane.

In 2005 the Moranbah project came online, producing gas for electricity generation in Townsville. Moranbah was the first coal seam gas project to have a pipeline constructed just for coal seam gas transport. Just recently, the Premier and the Minister for Mines and Energy opened two new coalmines in central Queensland, one at Clermont and the other at Collinsville. Rio Tinto Coal Australia's managing director said that the company aimed to lift its Queensland coal production from 21 million tonnes a year in 2007 to almost double that by 2015. The Premier stated that within a decade Queensland could be exporting 300 million tonnes a year, rising further to 350 million tonnes a year by 2025. This will mean massive increases in royalties for the government and, therefore, a greater hope that funds will be invested in the infrastructure in the coal-rich central Queensland areas.

With the opening of these two mines and other mine projects well advanced in the planning stage, there is a great deal of long-term confidence in the coalmining industry at present. Investment by the mining companies and the government in clean coal technology will only further enhance that confidence. With the increased royalties, there should be bucketloads of cash to do this. The need for a baseload power station in north Queensland must be a priority for this government. Estimates have been made that demand for energy in north Queensland is set to continue, increasing by at least four per cent annually over the next 10 years.

The National Electricity Market Management Company has continued to express concern about widespread interruptions to electricity supply through lack of power stations being brought on line with existing ones. A previous report on the front page of the *Courier-Mail* estimated 600 megawatt growth in demand per year from air conditioners alone. Mineral development and investment in north and western Queensland have been put on hold because of a lack of a reliable power source. It is logical to investigate Pentland as the alternative site for a baseload power station. Major stakeholders have already done extensive investigation into the feasibility of building a power station at Pentland, including a \$2 million drilling program completed by owners of the Pentland coal reserve. Xstrata confirmed that the ore body is of good enough quality for an economically viable 600 to 800 megawatt power station for 35 to 40 years as well as being in a rural environment near one of the biggest river systems in Queensland with a rail facility close by. A Pentland power station is vital to ensure future jobs and industry in the region and it is absolutely essential to north Queensland's progression.

Transmission and distribution of power over a long distance is expensive because units of power diminish over a distance, which means that the taxpayer is covering the cost of transmission of power from southern parts of Queensland when this power station would cover the cost and in the end it would mean cheaper power to consumers. The Pentland power project needs the support of the state government to issue an authority to generate. In doing that, the government would need to underwrite loss factors until the full generating capacity of the power station has been sold to the marketplace and the loss disappears. There is also the potential of selling power in the Northern Territory.

The Clean Energy Bill amends the Electricity Act 1994 to provide a commencement of the Solar Bonus Scheme. A Queensland feed-in tariff for residential and other small energy users of solar power was publicly announced as a key component of ClimateSmart 2050 on 3 June 2007. Consultation with energy industry members was conducted but only limited consultation with community members. The solar bonus of 44c per kilowatt hour—equivalent to \$440 per megawatt hour—will be paid for electricity fed into the grid at any time when the solar system generates more electricity than the household or small business is using. The scheme is supposed to reward customers whenever they generate more electricity than they are using—not just the balance at the end of the quarter, but whenever the generation exceeds consumption during the day. However, an article in the *Sunday Mail* states that environmentalists warn that the scheme designed to encourage Queenslanders to install solar panels to boost the amount of renewable energy flowing into the electricity grid was set to flop. Changes to the scheme mean it will be difficult, if not impossible, for most families to generate enough surplus power to qualify for the payment promised. It is said that people who install solar power will effectively be penalised financially.

The Queensland Consumers Association, the Property Council of Queensland and the country's biggest producer of solar panels, BP Solar, also expressed concerns. They said that when the Solar Bonus Scheme was announced they were led to believe that householders and businesses would be paid 44c for every kilowatt hour generated by the solar panels and fed into the state's electricity grid. Electricity used would be charged at the normal 15c per kilowatt hour. They state that in the first week more than 5,000 people rushed in to sign up for the scheme, which is due to start on 1 July. However, it has since been revealed that, unlike current gross tariff schemes where people are paid for all the energy provided by their solar panels to the grid, the new net tariff model will deduct household usage first. So people will only be paid the 44c rate for any extra power generated above their own consumption. In effect, they will be charged 44c for the electricity they consume instead of the 15c everyone else pays. The article states that the modelling done for the Queensland Conservation Council by sustainable energy experts at the Queensland University of Technology shows that using the one kilowatt solar system that the government is bulk buying as part of the scheme, few households across the state will be able to generate more power from their solar panels than they consume.

What the graph shows is that 400 of the more energy-efficient customers would use more than what a one-kilowatt system will generate, so it is very unlikely that anyone will get the 44c tariff. The Solar Bonus Scheme is meant to encourage and provide incentives for people to tap into solar power. However, this scheme has not been effective, especially for rural residents. Our rural residents cannot tap into this scheme because they are not connected to the grid. If they are 10 or even two kilometres away from the grid it is virtually impossible. So there is virtually no incentive for them to tap into some form of solar power because it is unlikely that they will be connected to the grid. They are looking for a system that they can actually use, such as solar power, but there are no incentives available for them out in those rural areas and, as the minister knows, it costs probably up to \$120,000 to go 1.8 kilometres. Some have to pay up to \$200,000 to go a kilometre in those sorts of cases. So they are looking at solar power but there are no incentives granted to them to tap into that solar power. I bring that to the attention of the House.