

QUESTION ON NOTICE

No. 687

asked on Thursday, 12 May 2005

MR WALLACE ASKED THE MINISTER FOR ENERGY AND ABORIGINAL AND TORRES STRAIT ISLANDER POLICY (MR MICHEL)—

QUESTION:

With reference to recent gas announcements in the Thuringowa region - Will he advise how gas will meet the energy needs of the north?

ANSWER:

The Thuringowa / Townsville area is leading the way in helping Queensland diversify its energy mix and reduce greenhouse gas emissions. Thanks to this Government's efforts in facilitating the Townsville Power Station and Gas Delivery Project, the north is benefiting from around \$500 million in new energy infrastructure; has a much needed base load power station; and, for the first time in its history, has a growing gas market based on coal seam gas.

On 12 May 2005 the Premier announced a \$300 Million Gas Supply Deal to fuel Nickel Industry Expansion between Enertrade and BHP Billiton subsidiary, Queensland Nickel (QNI) via Enertrade's new North Queensland Gas Pipeline. The deal will see Enertrade supply coal seam gas to QNI's Yabulu Nickel Refinery in Townsville over the next 15 years, and will lead to QNI more than doubling production at the refinery as well as bringing jobs and investment to North Queensland.

This contract provides for the supply of six to ten petajoules of gas every year to QNI's Yabulu refinery and facilitates an expansion of the refinery. This expansion will result in 55 full time positions being added to the existing 440 full time jobs at Yabulu. That represents an increase of more than 10% in the full time workforce.

In addition to the announcement by the Premier , the commissioning of the revamped Townsville Power Station in February is the culmination of the State Government's drive over many years to see the development of a gas-fired base load power station in the Townsville area. It strengthens the Government's 13 per cent gas scheme which requires Queensland's electricity retailers to source 13 per cent of their power from gas-fired generation. I note the Opposition did not support the Legislation establishing this scheme. The power station is an integral part of a \$500 million energy project that has the potential to be the catalyst for significant industrial developments in North Queensland, creating thousands of jobs.

North Queensland now has a much needed base load power station, and for the first time in its history, has a growing gas market based on coal seam gas. Since commencing commercial operations as a gas-fired plant in February, the Townsville Power Station has delivered on the Government's election commitment to provide gas-fired base load power in North Queensland.

The Townsville Power Station is using about 12 Petajoules of gas each year, making it the region's first gas customer. During development of the project, a decision was made by Enertrade to increase the diameter of the new gas pipeline from Moranbah to Townsville to provide the capacity for the future growth of gas as a fuel for the Townsville region. Thuringowa and Townsville regions are seeing the fruits of that investment decision.

In January 2005, I announced that Enertrade had signed a \$12 million contract with Xstrata Copper subsidiary, Copper Refineries Pty Ltd, to supply gas for 10 years, to their Townsville refinery.

There is more growth potential yet to be realised. With gas now available, there is a competitively priced fuel available for electricity generation and future industrial growth in North Queensland.

Queensland's State-wide gas consumption annual demand is expected to exceed 110 Petajoules by the end of 2005.

Access to a secure and reliable supply of gas and electricity is opening up new industrial opportunities in Queensland's north - opportunities that did not previously exist. This will mean more investment in the local economy and more jobs in electorates like Thuringowa.

The Queensland Government is delivering energy infrastructure, delivering reliable energy sources, diversifying energy sources and creating employment opportunities. The Government remains committed to delivering the current and future energy needs of the north, and for Queenslanders no matter where in the State they live.