

ENVIRONMENT AND COMMUNICATIONS LEGISLATION COMMITTEE

QUESTIONS ON NOTICE – ADDITIONAL ESTIMATES – SPILLOVER – 3 MAY 2021

INDUSTRY, SCIENCE, ENERGY AND RESOURCES PORTFOLIO

| QoN No. | Portfolio QoN No. | Department /Agency | Senator | Title | Question | Transcript Page |
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| 111 | SQ21-000301 | Department of Industry, Science, Energy and Resources | Jenny McAllister | Minister interactions with AEMO on gas price modelling in the ISP | <p>Senator McALLISTER: The Four Corners report claimed that the minister personally intervened to pressure AEMO to change their conclusions around gas price modelling in the ISP that was released last July. Why was the minister trying to get AEMO to change its advice?</p> <p>Senator Seselja: I don't accept the premise. I think the minister has spoken to this. I will just try and find that. I think the minister has rejected that. Sorry, I'm just seeking a little more clarification. I might have to come back to you as soon as I can on that. I think the minister has rejected that, but I'll just clarify exactly what he's had to say on it.</p> | 3 |
| 112 | SQ21-000288 | Department of Industry, Science, Energy and Resources | Jenny McAllister | 24 July Briefing | <p>Senator McALLISTER: In the briefing that you received on 24 July, Ms Parry, you were present. Who else was present from the department?</p> <p>Ms Parry: I would have to take that question on notice. There were quite a few of us present. As I say, AEMO does jurisdiction-by-jurisdiction consultation, and there would have been a number of people from the department who would have received that briefing at that time. I was there; I was present at that briefing, but I would have to take on notice as to what other officers were present during that briefing.</p> <p>Senator McALLISTER: Was the minister or the minister's staff present for that briefing, Ms Parry?</p> <p>Ms Parry: I don't recall, so I will have to take that on notice.</p> <p>Senator McALLISTER: Did you brief the minister after that briefing, Ms Parry?</p> <p>Ms Parry: It was an embargoed copy that we received on 28 July. We received an embargoed copy of the executive summary on 28 July, and the full ISP on 29 July, and then the actual ISP was publicly released on 30 July, so we would have provided a briefing to the minister, but I don't recall whether we briefed him on the executive summary, the full report or after it had been publicly released. But, we can take that on notice.</p> <p>Mr Sullivan: We'll take that on notice. My memory of the 28th was a verbal briefing; we weren't given material to take away. We then got an embargoed copy of the executive summary, the same as other jurisdictions, so we could provide heads up to ministers within the—</p> <p>Senator McALLISTER: Sorry, I just want to clarify something. I think you've misspoken, because I think Ms Parry said the verbal briefing was on 24 July and then a document was provided on the 28th. Is that correct?</p> | 4 |

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| | | | | | <p>Mr Sullivan: They gave us an overview briefing on Friday the 24th. The following Tuesday they gave us an embargoed copy of the executive summary. At midnight or the next morning the full ISP was released on 29 July. Sorry, we got an embargoed copy on 29 July and the full ISP was then published on Thursday, the 30th.</p> <p>Ms Parry: Yes. We can take on notice, Senator, when we briefed the minister. As Mr Sullivan said, the ISP is a really significant document. It's a very technical document. It's a very thorough document. So we would have briefed the minister. But how soon after that publication or in that embargoed period we would have briefed him, I simply don't recall. We can take that on notice.</p> | |
| 113 | SQ21-000289 | Department of Industry, Science, Energy and Resources | Jenny McAllister | Minister Communications with Ms Zibelman and/or AEMO | <p>Senator McALLISTER: Did the minister speak with Ms Zibelman or anyone else at AEMO between 24 July and the publication of the ISP on 30 July?</p> <p>Ms Parry: I just had a little bit of trouble hearing that question. Did you say, 'Did minister speak with AEMO'?</p> <p>Senator McALLISTER: I did, correct, with Ms Zibelman or any other staff member at AEMO.</p> <p>Ms Parry: I don't know the answer to that question. I am unaware of the conversations that minister has with his various stakeholders, so I really wouldn't know.</p> <p>Senator McALLISTER: Minister Seselja?</p> <p>Senator Seselja: In terms of those exact dates, I will take it on notice. I think the minister would have spoken regularly with Ms Zibelman, but in terms of exact dates of exact discussions I will need to take that question on notice.</p> | 4-5 |
| 114 | SQ21-000290 | Department of Industry, Science, Energy and Resources | Sarah Hanson-Young | Boston Consulting Group | <p>Senator HANSON-YOUNG: Senator McAllister was asking about a consultation report done by Boston Consulting Group for \$9 million. I would like the department to outline how much money in contracts, advice or reports have been commissioned from the Boston Consulting in the last five years—the figures of those in total—and whether there have been any reports written and commissioned by McKinsey as well and the value of those.</p> <p>Mr Fredericks: I will take that on notice.</p> | 9 |
| 115 | SQ21-000291 | Department of Industry, Science, Energy and Resources | Jenny McAllister | Rooftop Solar | <p>Senator McALLISTER: I see. Just for clarity: the Energy Security Board is doing some work, the states are doing some work and the AEMC is doing some work, but the Commonwealth itself is not, in fact, doing anything at all? Is that a fair assessment of the situation?</p> <p>Ms Parry: No, it is not. As Mr Sullivan has indicated, the government is very active in supporting and underwriting all of the major ISP projects coming out of AEMO's 2020 ISP. We are working very closely with our colleagues on the implementation of those projects.</p> <p>Senator McALLISTER: I am talking about rooftop solar.</p> <p>Ms Parry: Yes, and we are working very closely. This goes to rooftop solar, because you're looking at managing the flows of energy in an interconnected system. In terms of rooftop solar and its export of power into a grid, causing congestion and causing system security problems and of looking at how a market can be designed so that it has a demand-side response so that customers can feed into the grid in an appropriate way to certain</p> | 16 |

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| | | | | | <p>technical standards, this is work that is all being done by the federal government in conjunction with the states.</p> <p>Senator McALLISTER: I am trying to understand what specifically the Commonwealth is contributing, because between the officials so far, in your evidence you've pointed to the work of the AEMC, you've pointed to the work of the states and you've pointed to the work of the Energy Security Board. I'm trying to understand in what specific way the Commonwealth is in fact assisting households with rooftop solar. Can you point to anything at all where you are taking responsibility for this, because I am struggling to hear that from your evidence. If the answer is no and you think it is someone else's responsibility that's fine, that's the evidence. But I am trying to understand the Commonwealth's position.</p> <p>Mr Sullivan: Ms Parry was talking about—if I give the South Australian example, where South Australia's had to introduce its own regulatory regime to address this issue. The project I talked about, EnergyConnect, will be a mechanism by which that potential curtailment can be distributed to the east coast and distributed to the NEM. That's part of the solution. In terms of what ARENA has done, ARENA has been working through the distributed energy integration program, and ARENA convenes that program. It is not in outcome 3, but I will take on notice if you want, Senator, what ARENA has been doing with respect to working with jurisdictions. I just wanted to reinforce that my evidence by no means says we have vacated the field. It is basically around where are the key roles and responsibilities. We've actually had to come in, or we are coming in, with respect to support from ARENA and also to support from the broader transmission network as to how the distribution networks can be better managed.</p> | |
| 116 | SQ21-000292 | Department of Industry, Science, Energy and Resources | Sarah Hanson-Young | Waratah Coal | <p>Senator HANSON-YOUNG: ... I'd like to go to some questions in relation to a proposed coal fired power station in Queensland, if I could. Ms Parry, has the Department of Industry, Science, Energy and Resources received or is the department aware of any requests for funding or support for Waratah Coal's proposed high-energy, low-emissions coal fired station in Alpha, Queensland?</p> <p>Ms Parry: No I'm not aware.</p> <p>Senator HANSON-YOUNG: Are you aware of the project?</p> <p>Ms Parry: No, I'm not.</p> <p>Senator HANSON-YOUNG: At what point do these types of proposals usually get to the department?</p> <p>Ms Parry: That can vary depending on if it's part of a program, such as UNGI, or through a grant process, such as Supporting Reliable Energy Infrastructure. It can be known just through our own market analysis, but not all projects would come to the department</p> <p>Senator HANSON-YOUNG: So no-one in the department is aware of a project by Waratah Coal?</p> <p>Ms Parry: I can't say that no-one in the department would be aware of it. I'm not aware of</p> | 17-18 |

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| | | | | | <p>it and it's not something we're actively looking at.</p> <p>Mr Fredericks: We can take it on notice.</p> <p>Senator HANSON-YOUNG: You're representing the department here. That's what your job is.</p> <p>Ms Parry: I can take that on notice. I'm saying I don't personally know about it, but I can't speak for the 100-odd people in the electricity division. Someone is probably aware of it, but I can find out.</p> | |
| 117 | SQ21-000293 | Department of Industry, Science, Energy and Resources | Sarah Hanson-Young | Dealings with Clive Palmer and/or his entities | <p>Senator HANSON-YOUNG: Could you enlighten us as to whether Mr Palmer has any proposals currently before the department for advice, support or any other type of assistance through infrastructure?</p> <p>Mr Fredericks: We will take that on notice.</p> <p>Senator HANSON-YOUNG: Is Mr Palmer somebody that the department has been dealing with recently?</p> <p>Ms Parry: No.</p> <p>Senator HANSON-YOUNG: Or any of his entities?</p> <p>Mr Sullivan: Certainly the three of us haven't.</p> <p>Mr Fredericks: I've never met him, but we will take it on notice.</p> <p>Senator HANSON-YOUNG: I think this is all a bit too cute, to be answering 'me personally'. I'm not asking you personally; I'm asking about the department.</p> <p>Mr Fredericks: That's fair, and in fairness, as a consequence of the breadth of that request, I think I'm okay to take it on notice.</p> <p>Senator HANSON-YOUNG: I'm happy for you to take it on notice.</p> | 18 |
| 118 | SQ21-000294 | Department of Industry, Science, Energy and Resources | Sarah Hanson-Young | Yallourn Plant | <p>Senator HANSON-YOUNG: In the last year or two, have Energy Australia made any representations to the department about when they expect their Yallourn plant in Victoria to close?</p> <p>Ms Parry: We meet with Energy Australia—the only reason I'm hesitating, Senator, is the specificity of your question. We do meet with Energy Australia on a regular basis. I don't recall ever having had a conversation with Energy Australia specifically in the last two years on any expected closure dates of Yallourn. We were certainly in touch when they made their announcement, but that's not something that they've ever come to us on specifically. Again, I will take that on notice, noting the specificity of your question.</p> <p>Senator HANSON-YOUNG: Well, I would like to know if there were any warnings given to the premature closure, before 2032, and you're saying at this point you're not aware of being given a heads-up.</p> <p>Ms Parry: We were given a heads-up, obviously, when the announcement was made; we were given a very short heads-up.</p> <p>Senator HANSON-YOUNG: How short was that?</p> <p>Ms Parry: I don't recall. I can take that on notice. But it's not as if we were in discussions</p> | 18-19 |

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| | | | | | with Energy Australia for weeks. We were likely given an embargoed copy of the media release, but I can take that on notice. Again, we can go to the specificity of our question around whether there were any departmental officers who had spoken to Energy Australia about Yallourn's closure, and whether or not they had canvassed that at all with any officers in the department. | |
| 119 | SQ21-000295 | Department of Industry, Science, Energy and Resources | Jenny McAllister | Gas Fired Recovery Measures | <p>Senator McALLISTER: Okay. That's terrific. On notice, may I ask the department to take the list of measures that were detailed in the minister's release on 15 September and provide an indication, for each measure in that release, of which committee is the appropriate place to ask questions?</p> <p>Mr Fredericks: Yes, we will do that. And can I make an additional offer—we'll also provide the same advice to the other committee so that each committee has the same advice about which is which.</p> | 22 |
| 120 | SQ21-000296 | Department of Industry, Science, Energy and Resources | Jenny McAllister | Liquid Fuel Security Review | <p>Senator McALLISTER: Great. So the Liquid Fuel Security Review commenced in May. The interim report was in April 2019. Why has the final report of Liquid Fuel Security Review not been released?</p> <p>Mr Gaddes: This is a question that's come up on a number of occasions in this committee. Our answer remains the same: the Liquid Fuel Security Review was created for the purposes of cabinet. It has been provided to the government in the cabinet context, and it's a matter for government when the Liquid Fuel Security Review report will be released.</p> <p>Senator McALLISTER: Minister, can you shed any light on that?</p> <p>Senator Seselja: No, I can't, but I'm happy to check with the minister and come back if there's any additional information that I can provide you with.</p> | 22 |
| 121 | SQ21-000297 | Department of Industry, Science, Energy and Resources | Jenny McAllister | New Gas Generator Sites and Briefings | <p>Senator McALLISTER: There is a proposal to locate a new gas generator in the Hunter. I'm interested in understanding how many sites were investigated and reviewed for suitability.</p> <p>Ms Parry: Senator, are you referring to Snowy Hydro's proposed Kurri Kurri site?</p> <p>Senator McALLISTER: That's right. Back in September 2015, there was an announcement that Snowy Hydro Ltd was developing options to build a gas generator in the Hunter Valley. I'm trying to understand how many options were developed.</p> <p>Ms Parry: I would have to take that question on notice. That would be a matter for Snowy Hydro as the lead agency for developing any proposed sites. So, as to what other sites they examined as part of a process, I would have to take that on notice and we would have to direct that to Snowy Hydro.</p> <p>Senator McALLISTER: Did they not brief you?</p> <p>Ms Parry: They may have, but, as that was quite a number of years ago, I would have to go back and again take that on notice to see what, if any other, sites were canvassed.</p> <p>Senator McALLISTER: It wasn't quite a number of years ago; it was last year on 15 September. The Prime Minister visited the Hunter and at that time said that Snowy Hydro was developing options.</p> | 23 |

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| | | | | | <p>Ms Parry: Sorry, I misheard.</p> <p>Mr Sullivan: Sorry, Senator. I think what we heard was, 'How many sites had Snowy looked at for feasibility of a gas fired generator or peaker in that area?' That does go back some years, because they've been looking at options in the NEM in both New South Wales and Victoria as part of their role as a GBE. In terms of the Kurri Kurri option being developed, we will have to take that on notice with respect to post 15 September, and whether they actually looked at any other sites apart from the one, and what the precursor to that was in terms of the Kurri Kurri site, if that was the only option.</p> <p>Senator McALLISTER: When were you briefed the Kurri Kurri site had been selected?</p> <p>Mr Sullivan: I would have to take that on notice as to the Kurri Kurri site availability. It was obviously before 15 September, but, in terms of the details of that, I would have to check.</p> | |
| 122 | SQ21-000298 | Department of Industry, Science, Energy and Resources | Jenny McAllister | Request date for Kurri Kurri gas plant business plan | <p>Senator McALLISTER: When was that request made?</p> <p>Mr Sullivan: That request started, from memory, on 15 September.</p> <p>Senator McALLISTER: So they were asked to prepare a business plan for Kurri Kurri on 15 September?</p> <p>Ms Parry: We need to verify that date as to whether it was exactly at that date. We need to take that specific date on notice, please.</p> <p>Mr Sullivan: The question there is the statement around how we meet the 1,000-megawatt target that came from the Liddell Taskforce report. Then it was basically a challenge to the private sector to step in, or else another option on the table would be the Kurri Kurri proposal. So that decision with respect to Kurri Kurri is a matter for government and a matter they're considering.</p> <p>Senator McALLISTER: When was Snowy Hydro directed by your minister to develop the business case for Kurri Kurri?</p> <p>Mr Sullivan: I would have to take that on notice. I don't have that in front of me.</p> <p>Senator McALLISTER: Prior to 15 September?</p> <p>Mr Sullivan: Again, I have to take it on notice with respect to the discussions because you're asking me a question of what the minister did. I would need to take that on notice and get back to you.</p> | 23-24 |
| 123 | SQ21-000299 | Department of Industry, Science, Energy and Resources | Jenny McAllister | Snowy Hydro - Dealings with Jeff McCloy | <p>Senator McALLISTER: Is the department aware that the prospective owner of the site, Mr Jeff McCloy of McCloy Group a major Liberal Party donor?</p> <p>Mr Fredericks: We're not aware of that. To be fair, Senator, that would be a matter for Snowy Hydro.</p> <p>Senator McALLISTER: It might also be a question of advice to the minister. Is the department aware that Mr McCloy was found by New South Wales ICAC to have made illegal donations to Liberal Party politicians?</p> <p>Mr Fredericks: We're not aware of that.</p> <p>Senator McALLISTER: You have no awareness of Mr McCloy's involvement in this project?</p> | 24 |

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| | | | | | <p>Mr Fredericks: We're happy to take it on notice. Again, that is a matter ultimately for Snowy Hydro.</p> <p>Senator McALLISTER: Minister, are you aware of Mr McCloy's involvement in this project?</p> <p>Senator Seselja: No, I'm not.</p> <p>Senator McALLISTER: Are you aware of whether the minister has met with Mr McCloy to discuss the project?</p> <p>Senator Seselja: No, I'm not.</p> <p>Senator McALLISTER: Do you know—either you, Minister, or the officials—what Snowy Hydro agreed to pay for the purchase of the land?</p> <p>Senator Seselja: I don't.</p> <p>Mr Fredericks: That would be, firstly, a matter for Snowy Hydro; secondly, potentially subject to cabinet in confidence; and thirdly, potentially a matter of current commercial in confidence.</p> <p>Senator McALLISTER: Is the department aware of any steps that have been taken to manage a perception of conflict of interest in relation to the purchase of land following a subdivision by McCloy Group and Stevens Group?</p> <p>Mr Fredericks: That would be a matter for Snowy Hydro under their probity regime.</p> <p>Senator McALLISTER: The minister hasn't sought any advice from the department about managing that conflict?</p> <p>Mr Fredericks: I think the answer is no.</p> | |
| 124 | SQ21-000300 | Department of Industry, Science, Energy and Resources | Sam McMahon | Solar farms in Northern Territory | <p>Senator McMAHON: My question is related to the several large solar farms that Eni has in the Northern Territory. Are there concerns that these will have an impact on the grid stability up there?</p> <p>Ms Parry: I'm not aware of the specific farm that you are referring to. I'm going to see if one of my colleagues, who's in the holding area, may have some commentary on that. We might move on to another question while I just check with him.</p> <p>Mr Sullivan: I can partially answer. It's a discussion that's happening at a broader level in our negotiations with the Northern Territory government around options for their grid moving forward: is it economically feasible to put a transmission line to Alice, for example, or should Alice be seen as able to operate independently? With respect to the utility-scale PV penetration, in the same way as in other places in the grid, we have to look at what the stability issue is. The Northern Territory doesn't have coal-fired power stations; it has gas peakers. So that issue is probably less of an issue in the Northern Territory. It doesn't mean that it's not an issue to manage moving forward, but, because of having gas there as a peaking capacity, as well as base-load capacity, the issue there is around how best to manage that. But, as I said, it's an issue we're talking to the Northern Territory officials about in terms of us also trying to help them with advice from other jurisdictions that have gone through very similar challenges.</p> | 26-27 |

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| | | | | <p>Senator McMAHON: Would the fact that these large solar farms are not yet connected to the Darwin to Katherine grid be because grid stability is a concern?</p> <p>Mr Sullivan: I will have to take that on notice unless Mr White can answer it. James, are there potential grid stability issues with regard to some utility-scale solar in the Northern Territory not being connected to the grid yet? Was that the right question, Senator?</p> <p>Senator McMAHON: Yes. Basically, are concerns for grid stability the reason that these large solar farms of ENI are not yet connected to that grid?</p> <p>Mr White: We in the department aren't aware of any specific concerns in relation to the Northern Territory system, but I think it would depend on where those solar farms are and which part of the NT system they're connecting into. The Northern Territory, as you're aware—probably the rest of the committee may not be—has an interconnected system through the Darwin-Katherine system and then small grids at Tennant Creek and Alice Springs. The rest of it is remote. To the extent that these are connected into one of those interconnected systems, I think the Northern Territory system operator would make that assessment. Because the Northern Territory operates separate grids, it's not under the auspices of AEMO, the NEM system operator. We don't have any specific information on this in the department. It's not something that's actually been brought on our attention.</p> <p>Senator McMAHON: Okay. We're talking about the Darwin-Katherine grid, and these farms are located in the Darwin rule area and Katherine. Would you be able to take that on notice and get back to me?</p> <p>Mr Sullivan: We'll take that on notice and find out as best we can. If we don't have it on hand, we'll try to get that through Northern Territory officials as part of our next set of discussions with them.</p> | |
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