

States revolt over Anthony Albanese's plan for coal price caps



Feeling the heat on energy ... Anthony Albanese during question time in the House of Representatives on Wednesday. Picture: Martin Ollman

EXCLUSIVE
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Anthony Albanese's national plan to lower energy prices is under threat amid an eleventh-hour request for the NSW and Queensland governments to impose their own domestic coal price caps, in a move that would avoid the commonwealth having to pay tens of billions of dollars in compensation to producers.

The Albanese government gave the two state governments an initial briefing this week on its plan to bring down energy prices, requesting they impose their own price caps on coal.

The NSW government is understood to have received legal advice from the crown solicitor that, under the Constitution, the commonwealth could legally set its own national price cap on coal but would need to compensate coal producers.

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The legal advice stated that the commonwealth could implement a coal price cap itself on the condition it pay compensation on "just terms". To lower the price enough for consumers to receive a tangible benefit, it is estimated that tens of billions of dollars in compensation would need to be paid.

Ahead of next Wednesday's national cabinet meeting, where leaders will discuss the final plan, the Albanese government appears to be seeking to use a loophole in Queensland and NSW laws that doesn't require compensation to be paid if the states imposed the caps themselves.

The Australian understands the NSW government is unlikely to sign up to any commonwealth deal requiring the states to impose caps without discussions over what compensation the federal government would provide. So far little detail is understood to have been provided.

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The pushback from NSW comes after Queensland Premier Annastacia Palaszczuk on Tuesday fired a shot across the bow of the Albanese government, publicly rejecting a price cap on coal.

Shadow Veteran Affairs Minister Barnaby Joyce says Labor's plan for the Upper Hunter is to "kick them to the curb" as unemployment will rise during their transition away from coal in the region. "The plan is spelt out in their own document, unemployment and a loss of income," Mr ... [More](#)

The NSW Treasury legal advice also raised concerns about the sovereign risk to existing free trade agreements if compensation were not paid. Under existing coal - contracts, the NSW government would be forced to pay compensation to producers under a state-led cap.

The Albanese government's move to put the onus on NSW and Queensland to impose coal price caps to lower prices comes after it flagged it was prepared to intervene in South Australia and Victoria on a gas price cap at between \$11 and \$13 a gigajoule.

The coal industry has raised concerns with the NSW government about the consequences of a price cap on contracts already entered into if the commonwealth sought to avoid compensation.

A senior NSW government source said if the commonwealth wanted a price cap on coal then it should be willing to pay fair compensation for contracts already entered into.

“The commonwealth shouldn’t pick winners and losers; they should intervene equally if that’s their solution,” the NSW source said. “They should pay fair compensation when they override contracts.”

The Australian this week revealed the federal government’s energy plan would not include new taxes or direct payments but would strengthen a mandatory code of conduct to increase domestic gas supply and pursue energy price subsidies to help lower electricity bills for struggling manufacturers and households.

Amid calls from unions and welfare groups for urgent action to save jobs and protect families, an Australian Energy Regulator report on Wednesday revealed a 39 per cent spike in households struggling with energy debt above \$2500.

The Albanese government is planning to cap gas prices for commercial and industrial customers at the risk of a... dispute with the gas industry. Under the plan, prices will be capped between \$11 and \$13 a gigajoule, which may threaten supply and turn states against each other. The ... [More](#)

Ms Palaszczuk, who has already delivered \$175 power rebates to households, on Tuesday warned against coal price caps and told the federal government to keep its “hands off our (state-owned) generators”.

“There is no way that Queensland is going to sacrifice the returns that we are able to provide back to Queenslanders,” Ms Palaszczuk said.

“Queensland is always doing the heavy lifting and we need to make sure that if there are any steps by the commonwealth in this direction, Queenslanders are fully compensated.”

Despite Queensland Energy Minister Mick de Brenni and his NSW counterpart Matt Kean saying earlier this month that they supported coal and gas price caps – the spectre of footing the bill has triggered pushback from both states.

Senior federal ministers were understood to be taken aback by Ms Palaszczuk's intervention one week out from formal discussions when national cabinet leaders meet next week over two days to discuss the energy plan.

Facing mounting pressure to unveil details of the energy package, Mr Albanese defended the government's position not to confirm cabinet discussions.

Speaking in question time, Mr Albanese said he encouraged all his cabinet colleagues not to "talk about cabinet processes".

Sky News Political Editor Andrew Clennell says the federal government's plan is to "force" gas exporters to supply... to the domestic market at a capped price in a bid to reduce gas prices. "The problem is, a really big consideration is electricity bills and half of the cost of ... [More](#)

Industry Minister Ed Husic, who has led the charge to shield manufacturers from crippling electricity shocks and use regulatory levers to lower costs, said the government was "dead serious" about pushing down energy prices.

"We will make a decision as a government about what we need to do particularly to rein in those prices and make sure that manufacturers aren't saddled with those huge costs that we've seen," Mr Husic said.

He added that “the profits that are being pursued by gas companies no matter what – we’ve got to be able to tackle that”.

Credit Suisse on Wednesday warned a potential price cap of \$11-\$13 a gigajoule on domestic supplies would boost the risk of an electricity blackout in 2023.

“Any intervention to lower prices closer to this level could see gas demand for the power sector spike, drilling in Queensland reduce and see less flexible Bass Strait supply made available, raising the risk of a blackout next year,” Credit Suisse analyst Saul Kavonic said.

The US investor behind a joint \$18.4bn takeover bid for Origin Energy said Labor must honour the sanctity of long-term LNG contracts if the federal government proceeded with a controversial intervention fix to cut domestic gas prices.

MidOcean Energy, an LNG company controlled by Origin bidder EIG, said Australia should never have been in its current crisis position given the nation’s vast gas reserves and warned it was critical the sanctity of multi-decade long-term contracts struck by the Australia Pacific LNG export plant in Queensland were not tinkered with.

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Keith 1 HOUR AGO

to punish russia we put caps on their oil ..?
to punish ourselves we put a cap on our own coal ..?

i have a good idea. lets close all our coal mines and import from russia whilst capping their price

[Report](#) [Like](#) 4 [Reply](#)**Kevin** 2 HOURS AGO

Perhaps our Regressive Socialist government should stick to what it knows best ??
Spending.

[Report](#) [Like](#) 6 [Reply](#)**Stuka** 3 HOURS AGO

Albo has no time left on this anyway.
Christmas is coming and the pain starts as of the new year.

Albo is already getting blamed for energy prices as He should He's in charge.
Don't blame Morrison nobody cares because they are hurting now and blaming Morrison won't help them at all.

At some stage Albo has to make energy cost/security and the cost of living in general the only priority.

Albo will not have a choice very soon and the public won't cop anymore wasted time on other fantasy/ego projects that can wait til We deal with the only emergency that affects every Australian not just the select few.

Minds change very very quickly when Voters see their Kids sweating at the Christmas Table for lunch.

Including greens and teals.

The highlight for Christmas this year for to many is a chicken snag not a Roast Turkey, Ham off the bone and Prawns.

How far we have fallen.

The Government has done nothing to fix energy properly.

But Albo the PM has got plenty of time for the voice that nobody wants and parading around the world telling everyone how Rippa he is.

We have Resources the world over would envy, we are broke and powerless over our own energy prices.

We are actually, the laughing stock.

[Report](#)  [Like](#)  13 [Reply](#) **Stuka** 2 HOURS AGO

Why doesn't the Federal Government make any coal produced and used for domestic use attractive?

It's the Crown that holds the mineral rights.

They have no choice but to honour the contracts.

But it doesn't mean We can't do new contracts or use alternate energy sources like nuclear and not use their gas and coal domestically.

And if there was some reason that might be an issue then declare it to the public, gather the support and simply Legislate that We can.

Thats one hundred percent a National Security Issue and there's not a Government on the planet with the wide variety resources we have with a population that's so small.

There's no way the US or the Saudi's would cop this.

The Yanks and Biden have themselves to blame for not being a energy exporter like they were before they went green dream.

Biden's running out of time on all fronts that's clear.

Taking more Oil out of the strategic reserve can only go so far before there's trouble.

And if he has to stop then he will have trouble from the people straight away.

Cut out all the green and red tape, all the usual government fees and charges for resources used for energy produced for domestic use.

And get the Minister to directly handle it all so there's no unseen Gov bean counter to blame as usual.

Im not sure if Coal etc used for domestic energy production is tax/royalty free or not but it's Australia - We double and triple tax everything and I'm sure energy is no different.

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Alex 3 HOURS AGO

Our policy on power and environment is...
Subsidies unreliaables and grant them preferential access to the NEM
Make it unsustainable for fossil generators to operate
Make it difficult or impossible to extract gas and use it as a transition fuel
Put price caps on gas and coal then subsidise the losses
Put price caps on power prices so generators drop out of the market then offer to subsidise production
When all the prices go up offer direct subsidies to households and business
What a mess.
One government intervention begets another and another.
If the LNP can't make a good case for smaller government out of this they deserve to be in opposition and we are doomed for some time

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Jack 3 HOURS AGO

This harebrained scheme to reduce electricity prices, while constricting supply from cheap coal fired generators, could only have been cooked up by crazy marxists who do not understand how markets operate.

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Motley Crew 3 HOURS AGO

Well things are really starting to unravel. So what is Albo, Bowen, and Burke gonna do about power prices now??
Unfortunately we have to have a Labor government once in a while to show the masses just how competent Labor is ☐

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Phil 3 HOURS AGO

so the 'Plan' is not really a plan at all. I'm shocked, surprised, taken aback.
Nah, not really.

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ian 3 HOURS AGO

Albo starting to show his true colours.
Asking the states to steal from private companies.
Even the half-witted QLD government can see what a disastrous precedent

this would set.

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Tom 3 HOURS AGO

The biggest shame of this debacle is that governments have had the lucky timing of a war in Europe with which to shift the blame from where the fault really lies—their own policies. All the Ukraine situation did is bring forward the inevitable.

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