

Responses to questions on notice

Joint Standing Committee on Trade and Investment Growth
Inquiry into the prudential regulation of investment in
Australia's export industries

ACTU Submission, 10 August 2021
ACTU D. No 42/2021

Please find below responses to questions taken on notice during the Committee hearing on 28 July 2021.

Mr Mitchell: The cost per megawatt-hour of renewables is decreasing each year. The cost per megawatt-hour of renewable energy is, at the moment, the cheapest it's ever been. For additional and new generation, it's cheaper than any other alternative.

Senator RENNICK: Where is your source for that?

Mr Mitchell: I can find a source for that. I'll find it for you.

As outlined in the CSIRO's *GenCost 2020-21 Consultation Draft* Figure 2-1, the cost per kilowatt hour of wind, large scale photovoltaics (PV) and rooftop PV is generally decreasing each year. At the time of production and under the assumptions made, the consultation draft shows that the cost per megawatt hour of large open cycle gas generation is lower than wind and solar.

However, the price for gas has spiked in recent months to nearly double the consultation draft's high estimate for gas as a fuel. Prices hit as high as \$20 a gigajoule in early July, compared with the CSIRO's upper assumption of \$11.30 a gigajoule.^{1 2}

CHAIR: So final questions and then we will wrap up. I do thank you for taking the extra time to talk to us. Your submission doesn't reference proven net zero tech like CCS or nuclear. Is there a reason for that?

Mr Mitchell: I will have to get back to you about what our policy is on nuclear. In terms of carbon capture and storage I think that the use of the technology is limited in the current market. There are definitely large scopes for carbon offsets, but I think that in terms of the evidence we gave today there are going to be positive emitting industries in Australia. We will need to have a way of offsetting those emissions. There will likely be positive emitting industries in the world and we will need to have a way of offsetting those emissions. If there is investment in viable technologies which create those offsets or abatements and contribute to that then Australia is a good place to start.

The ACTU submission focused on the future of Australia's export industries, the impact of prudential guidance and regulation on those industries, and the decision-making of investors and financiers. This focus reflected the terms of reference for the inquiry. The vast majority of Australia's exports are in unimproved ores like iron-ore, coal, aluminium, gold, and copper. Neither nuclear energy nor carbon capture and storage are major Australian exports nor are they major inputs into Australia's export industry, and the ACTU's focus of the submission reflects that.

¹ Toscano, Nick. "Double Whammy: Wholesale Gas Prices Hit Five-Year Highs." *The Sydney Morning Herald*, July 7, 2021. <https://www.smh.com.au/business/companies/double-whammy-wholesale-gas-prices-hit-five-year-highs-20210707-p587m7.html>.

² Graham, Paul, Jenny Hayward, and Lisa Havas. "GenCost 2020-21 Consultation Draft." CSIRO, 2020.

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