

Please find attached answers to questions on notice taken by Matthew Warren and Kieran Donoghue at the Senate Environment and Communications Legislation Committee's Inquiry into the Clean Energy Legislation (Carbon Tax Repeal) Bill 2013 [Provisions] and related bills public hearing on 26 November 2013.



Energy Supply Association of Australia

Questions on Notice – Senate Environment and Communications Legislation Committee: Inquiry into Clean Energy Legislation (Carbon Tax Repeal) Bill 2013 and related bills

SENATOR MILNE: I have been told that Hydro Tasmania can expect around a \$70 million a year loss if there is an abolition of the carbon price—that that is the figure that they currently get from the carbon pricing arrangement. Can you confirm that it will be in the vicinity of \$70 million a year to Hydro Tasmania?

Hydro Tasmania's 2013 Annual report attributed \$70 million of its total operating profit before fair value adjustments of \$238 million in 2012-13 to the presence of the carbon tax.

It is difficult to extrapolate from that to place a value on the annual loss of profit going forward from a repeal of the carbon tax, because:

- The level of the carbon price changes from year to year and under the current legislation, 2014-15 is the last year in which the price is fixed before moving to a floating price emissions trading scheme
- Hydro Tasmania sells its electricity into the National Electricity Market. This is a highly dynamic, competitive market in which the mix of generation changes from year to year. It is not possible to say with certainty what the wholesale price will be for a given level of carbon price.
- Hydro Tasmania's generation output varies from year to year depending on factors such as market conditions and water availability.

SENATOR RUSTON: Would you have a figure of what the carbon tax has cost electricity generators in the 2012-13 year?

Emissions data from the 2012-13 financial year is available through the National Greenhouse Gas Inventory. The most recent data is up to the 2013 March quarter. We have extrapolated this data for the June 2013 quarter to find an estimate of total emissions for the 2012-13 year.

Based on this, the esaa estimates the cost of the carbon tax on electricity generators to be \$4.3 billion for the 2012-13 year. This is to some degree offset by higher revenues.

SENATOR RUSTON: Would you be able to quantify in any way the cost of compliance in terms of the paper work and the like that your members have had to undertake in order to comply with the requirements and payment of the carbon tax?

According to the Details-stage Regulation Impact Statement on the repeal of the carbon tax, administration costs for all liable entities are estimated at \$85.3 million.

These costs involve tasks including include meeting recording and reporting obligations, negotiating contracts for carbon price pass-through, discharging emissions liabilities and emissions verification.

We are not aware of any figures for compliance costs that contradict this estimate.