



**THE HON MARTIN FERGUSON AM MP**

**MINISTER FOR RESOURCES AND ENERGY  
MINISTER FOR TOURISM**

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PARLIAMENT HOUSE  
CANBERRA ACT 2600

C12/791

The Hon John Murphy MP  
Member for Reid  
Chair  
Standing Committee on Petitions  
PO Box 6021  
Parliament House  
CANBERRA ACT 2600

19 MAR 2012



Dear Mr Murphy

Thank you for your letter of 15 February 2012 on behalf of the Standing Committee on Petitions concerning a petition opposing Australian Government funding for the HRL Dual Gas project in Victoria.

The Australian Government recognises that no single technology will provide all the answers to the challenge posed by climate change and has a suite of programs designed to encourage the uptake of renewable energy and the development of technologies which reduce carbon emissions. These programs include:

- The Renewable Energy Target, which will provide a cross subsidy of \$20 billion to the renewable energy sector over the period to 2030.
- Over \$17 billion in clean energy technology development including, but not limited to:
  - \$10 billion Clean Energy Finance Corporation;
  - \$1.6 billion for Carbon Capture and Storage Flagships;
  - \$1.5 billion for Solar Flagships;
  - \$1 billion for Connecting Renewables; and
  - \$272 million for the National Solar Schools Plan.

The Australian Government's Low Emissions Technology Demonstration Fund (LETDF) was initiated to help Australian firms commercialise world-leading low emissions technologies. The objective of the LETDF was to demonstrate the commercial potential of new energy technologies.

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In 2007, the then Howard Government granted the HRL Dual Gas project \$100 million towards the construction of a 400 MW power plant to demonstrate HRL's brown coal integrated drying and gasification combined cycle technology. The payment of the proposed grant, under LETDF, is subject to a number of conditions, some of which have not as yet been met. Accordingly, no LETDF funds have been provided to the project.

Matters relating to the HRL project are before the Victorian Civil and Administrative Tribunal (VCAT). The proceedings have been delayed by the ill health of the presiding officer. Given these circumstances the Commonwealth granted an extension until 30 June 2012 for the HRL project to meet outstanding conditions precedent.

This should provide HRL with a reasonable period of time, after the VCAT decision is handed down, to work towards meeting all outstanding grant preconditions.

Importantly, the Commonwealth has indicated that it does not intend to grant HRL any further extensions.

I emphasise that the Australian Government is treating all projects under the LETDF program equally and will not discriminate on the basis of technology. The Australian Government will continue to treat the HRL grant with the same measure of good faith that it has shown to other LETDF grants, including the Silex Solar project. This includes granting extensions to both projects, and administering the grants in a manner that gives the projects every opportunity to succeed.

Thank you for bringing the petition to my attention.

Yours sincerely

Martin Ferguson