



18 August 2006

Dr Anna Dacre
Committee Secretary
House of Representatives Standing Committee on Science and Innovation
Parliament House
CANBERRA ACT 2600
Email: scin.reps@aph.gov.au

Dear Dr Dacre

Re: Inquiry into Geosequestration Technology

Thank you for the opportunity to provide input to the House of Representatives Standing Committee on Science and Innovation Inquiry into Geosequestration Technology.

Hydro Tasmania is Australia's largest renewable energy generator, producing more than 60% of Australia's renewable electricity each year. Hydro Tasmania has monitored the development of geosequestration technology as one of a suite of new low emissions technologies being developed to combat climate change.

Hydro Tasmania supports all low and zero emission technologies that can provide Australia with clean and sustainable power in an economically efficient and environmentally sound manner. Geosequestration has the potential to become such a technology, and may also offer a unique opportunity for Australia to realise the full energy value of its abundant coal resources while still substantially reducing its greenhouse gas emissions. In this context, Hydro Tasmania supports continued efforts to develop geosequestration technologies and investigate their possible application in fossil fuel power generation in Australia.

Numerous studies modelling various future Australian and global climate management scenarios indicate that greenhouse gas emissions abatement can be achieved most cost-effectively using a diverse portfolio of energy technologies, including geosequestration, energy efficiency, renewable energy and other options.¹ In line with this conclusion, Hydro Tasmania commends the Australian Government's recent and ongoing investigation of various emissions abatement options, including alternative

¹ See for example Australian Bureau of Agriculture and Resource Economics (2006) *Economic Impact of Climate Change Policy: The Role of Technology and Economic Instruments*, p 1. Available online at http://www.abare.gov.au/publications_html/climate/climate_06/cc_policy_nu.pdf.

transport fuels, nuclear energy and this inquiry. Hydro Tasmania would also like to emphasise the following points:

- clean energy technologies capable of driving emissions abatement in the energy sector must achieve broad market penetration and deployment in order to realise their full abatement potential; and
- the relatively high cost of clean energy technologies necessitates the institution of targeted government support policies that can facilitate the effective market penetration and uptake of these technologies.

The Australian Government has succeeded to an extent in its goal to strengthen and expand Australia's renewable energy industry through its Mandatory Renewable Energy Target (MRET) scheme. The market created by the MRET to support new renewable energy projects is, however, approaching saturation and future government support for clean energy technologies (including renewables) in the Australian energy market is currently uncertain. In order to preserve the momentum created by the MRET, and generate similar momentum for other clean energy technologies such as geosequestration, Hydro Tasmania urges the Australian Government to institute a dedicated support measure for clean energy technologies that:

- improves the cost-competitiveness of these technologies under the conditions currently prevailing in Australia's energy market; and
- provides the level and duration of certainty necessary to attract large-scale investment in these technologies in Australia.

With this support, clean energy technologies, including geosequestration, will be able to realise their full potential to:

- reduce greenhouse gas emissions from Australia's energy sector;
- contribute to Australia's future energy supply; and
- power Australia's ongoing economic growth.

Thank you again for the opportunity to contribute to this Inquiry. Should you have any queries regarding this submission, please contact Lachlan Tait on (03) 6230 5203 or lachlan.tait@hydro.com.au.

Sincerely,

Vince Hawksworth
Chief Executive Officer