

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Resources, Energy and Tourism Portfolio

Additional Budget Senate Estimates

10 February 2010

Question: AR26 (for CC35)
Topic: 2007 Labor Election Commitments
Proof Hansard Page: written

Senator Birmingham asked:

What action has been taken in regard to the following 2007 Labor election commitments:

a	\$50m under Energy Innovation Fund for the Australian Solar Institute; in four years, will aim to build a large scale Solargas plant
b	\$50m from the Clean Coal Fund for a National Carbon Mapping and Infrastructure Plan to assess sites for carbon storage; incl. \$5m to WA, \$20m to QLD; \$20m to NSW
c	\$50m from the Clean Coal Fund for a carbon capture and storage demonstration proj in NSW
d	\$50m from the Clean Coal Fund for a pilot gasification plant in QLD
e	\$50m for a large scale post combustion plant in VIC's Latrobe Valley - to be installed by 2011
g	\$500m Clean Coal Fund to fund the deployment of clean coal technologies
h	Set a national objective for clean-coal generated electricity to enter the national electricity grid by 2020
l	Implement a Clean Energy Plan; components: Renewable Energy Fund, Clean Business Fund, Energy Innovation Fund
m	\$50m under Energy Innovation Fund for general clean energy R&D
r	\$150m Energy Innovation Fund to keep scientists and researchers in Australia
s	\$50m under Renewable Energy Fund to assist companies to develop geothermal energy; dollar for dollar subsidy, capped at \$5m per well
x	\$75m for a national research program to develop clean coal and other low emission technologies; incl. \$25m for CSIRO
y	\$50m under Energy Innovation Fund for photovoltaic research
z	\$500m Renewable Energy Fund to develop, commercialise and deploy renewable energy in Aust; will encourage private sector contributions of \$2 for every \$1 Commonwealth Government contribution
dd	Labor will work through COAG to develop a consistent national approach to feed in tariffs, where solar photovoltaic installations receive a premium price for feeding electricity back into the electricity grid

Answer

- a) The Australian Solar Institute was launched on 15 January 2009 as a \$100 million initiative, headquartered in Newcastle, to support solar thermal and solar photovoltaic research and development. \$15 million funding was provided to three foundation projects, supporting the development of a crystalline silicon pilot line at the University of NSW, a state of the art solar thermal tower at the CSIRO in Newcastle and a world class process and characterisation solar research facility at the Australian National University. Grants totalling a further \$11.1 million were announced by the Australian Solar Institute on 17 December 2009, with further project funding announcements expected this year.
- b) The Carbon Storage Taskforce delivered the *National Carbon Mapping and Infrastructure Plan* (the Plan) to the Minister for Resources and Energy, the Hon Martin Ferguson AM MP on 10 September 2009. The Plan was released by the Minister on 8 December 2009 and initial implementation is underway.

A detailed project proposal has been agreed with WA and final administrative arrangements are being put in place for the provision of \$5m of funding.

A detailed proposal for a \$20m project is being finalised by Queensland, in consultation with Geoscience Australia. Agreement is expected to be finalised shortly.

Australian Government support for carbon mapping and storage in NSW is included in the \$50m Carbon Capture and Storage (CCS) demonstration project in NSW (see below).

- c) On 16 September 2009 the Minister for Resources and Energy, the Hon Martin Ferguson AM MP, agreed to the provision of \$50 million from the National Low Emissions Coal Initiative (NLECI) for NSW CCS demonstration project. The NSW Government and Australian Coal Association Low Emission Technologies Ltd (ACALET) are each matching this funding.

The initial Commonwealth funding agreement with Delta Electricity, signed 23 February 2010, provides for approximately \$10.384 million (including GST) of NLECI funds for the development and approvals stage of the capture project.

- d) The Australian Government is currently considering a proposal put forward by Queensland Government in consultation with industry and the research community to develop a national coal gasification research centre based in Queensland.
- e) This project is linked with the Victorian State Government's Energy Technology Innovation Strategy (ETIS) Program. This involved a competitive project selection process that was only finalised in November 2009. The Victorian Government is in the process of putting forward a project proposal

for Australian Government consideration, based on the outcomes of the ETIS Program.

- g) The Government allocated \$500 million over eight years to the National Low Emissions Coal Initiative (NLECI) as part of the 2007/08 Budget. This funding, together with the funding for the CCS Flagships Program and the Global CCS Institute, is supporting the further development and deployment of low emissions coal technologies.
- h) The National Low Emissions Coal Council and Carbon Storage Taskforce involving key stakeholder groups have been established under the NLECI to provide advice to the Government on strategies to support the deployment of low emissions coal technologies. A major focus of this work is the development and implementation of strategies that will ensure low emissions coal technologies, including CCS, are available for deployment in Australia from 2020. Early recommendations included the need for Government investment in large scale CCS demonstration projects. As part of the 2009-10 Budget the Australian Government committed \$2 billion to support large scale CCS projects.
- l) See answers to questions r and z in relation the Energy Innovation Fund and the Renewable Energy Fund. Questions relating to the \$240 million Clean Business Australia initiative should be directed to the Department of Innovation, Industry, Science and Research.
- m) On 28 October 2009, the Minister for Resources and Energy announced that funding from the formerly proposed Clean Energy Program had been included in funds available to the Australian Centre for Renewable Energy.
- r) The \$150 million Energy Innovation Fund comprised the \$100 million Australian Solar Institute and the \$50 million Clean Energy Program. See answers a and m above.
- s) The Government has announced seven projects totalling \$49 million under the \$50 million Geothermal Drilling Program which is part of the Australian Centre for Renewable Energy. Two projects in Round 1 were announced 20 April 2009 and a further five Round 2 projects were announced 13 December 2009. Each geothermal Proof of Concept project was awarded \$7 million on a matched funding basis.
- x) The Australia National Low Emissions Coal Research and Development (ANLEC R&D) Agency was established in March 2009 to develop and implement a national low emissions coal technology research program. Funding agreements between the Commonwealth and ANLEC R&D provide \$75 million to support this program. ACALET is matching this funding. The program will include at least \$25 million for research undertaken by CSIRO.
- y) See answer to question a above.

z) The \$500 million Renewable Energy Fund (REF) was announced in the Budget 2008/2009 as a priority for the Department of Resources, Energy and Tourism. It was designed to:

- accelerate the development, commercialisation and deployment of renewable energy technologies in Australia; and
- to drive investment in renewable energy technologies that contribute to climate change mitigation and economic opportunities.

The REF was made up of:

- the Renewable Energy Demonstration Program (REDP) - \$435 million;
- the Geothermal Drilling Program (GDP) - \$50 million; and
- the Second Generation Biofuels Program (Gen 2 Biofuels) – \$15 million.

In the 2009-10 Budget, the programs under the REF were incorporated into the Government's Clean Energy Initiative (CEI), which includes, among other things, the \$1.5 billion Solar Flagships Program and the setting up of the Australian Centre for Renewable Energy (ACRE). At that time, \$135 million was transferred from REDP to help fund Solar Flagships. Under the new arrangements REDP, the GDP and the Gen 2 Biofuels programs are administered by ACRE. The table below gives a summary of the current allocation of the original REF funding.

Initiative	REF Funding (\$m)
Solar Flagships Program	135
Renewable Energy Demonstration Program	300
Geothermal Drilling Program	50
Second Generation Biofuels	15
Total	500

dd) Work to deliver the commitment to develop a consistent national approach to feed-in tariffs was undertaken by the COAG Working Group on Climate Change and Water during 2008. The Climate Change and Water Working Group presented COAG with a set of recommended national principles to apply to new schemes. On 29 November 2008, COAG agreed to the set of national principles to apply to new FiT schemes and to inform the reviews of existing schemes. The principles can be found at http://www.coag.gov.au/coag_meeting_outcomes/2008-11-29/docs/20081129_national_principles_fits.pdf.

The COAG announcement of national principles also required further action by the Ministerial Council on Energy (MCE) and jurisdictions to advance the fair treatment of small renewables and to promote consistency in feed-in tariff policy with previous COAG agreements. The MCE requested that officials develop a work program to give effect to the COAG principles, for consideration at the next meeting.

A proposed work program to carry out COAG's feed-in tariff tasks was agreed at the 10 July 2009 MCE meeting. A consultant was commissioned to undertake the work program, with the report finalised and presented to Ministers at the 4 December 2009 MCE meeting. At the 4 December 2009 MCE meeting, Ministers noted progress on the feed-in tariff program and tasked officials with developing a policy position for consideration by Ministers at their next scheduled meeting expected to be in mid 2010.