

Senate Finance and Public Administration Legislation Committee
Additional Estimates Hearing – February 2010
ANSWER TO QUESTION ON NOTICE

Topic: Closure of Power Stations

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Question: (Senator Nash)

I refer to a report for the Victorian Government about the impact of your ETS on some of their power stations.

According to the report in [The Age on October 16](#), the Victorian Government Cabinet documents indicated that your ETS could result in the Hazelwood power station closing as soon as 2013 (only 4 years away) and the Yallourn plant could follow in 2018. The two plants provide about 40 per cent of Victoria's electricity. It's feared the early closure of these could result in widespread black-outs.

- 1) Do you deny that your ETS could force the early closure of power stations such as Hazelwood and Yallourn?
- 2) What does your modelling show about possible closures?
- 3) What does your modelling or advice have to say about possible blackouts?
- 4) Do you rule out any power plants closing as a result of your ETS?
 - If so, what job losses would result?
- 5) Do you rule out any blackouts resulting from your ETS?

Answer:

The Government has sought the advice of Australia's three major energy market regulatory agencies on the impact of the scheme on energy security.

These agencies advised the Government that risks to energy security had been significantly mitigated by the scheme's design, including the ESAS.

Modelling for the CPRS White Paper suggested that relatively few generators exit the market in their entirety, although some do reduce their overall generation volume.

In April, the Government announced it will not introduce the CPRS until after the end of the current commitment period of the Kyoto Protocol and only when there is greater clarity on the actions of other major economies including the US, China and India.

This means the Government will not move to legislate the CPRS before the end of 2012.