

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
BUDGET ESTIMATES 2012-2013

Finance and Deregulation Portfolio

Department/Agency: Department of Finance and Deregulation

Outcome/Program: 1/1.1

Topic: Clean Energy Future Package

Senator: Cormann

Question reference number: F4

Type of question: Hansard, F&PA Committee, page 6, 23 May 2012

Date set by the committee for the return of answer: Friday, 6 July 2012

Number of pages: 1

Question:

With Energy Security Fund spending, you are planning to spend about \$1 billion in 2011-12, \$1 billion in 2013-14 but hardly anything in 2012-13. What is the rationale there?

Answer:

The Department of Climate Change and Energy Efficiency has advised that the transitional assistance being provided under the Energy Security Fund is intended to promote a smooth transformation of the electricity generation sector from high to low emissions generation while addressing risks to energy security that may arise from the introduction of the carbon price. This transitional assistance is being provided to the most emission intensive coal-fired generators and comprises the payment of \$1 billion in transitional assistance in June 2012 and the allocation by the Clean Energy Regulator of 41,705,000 free carbon units in each year from 2013-14 to 2016-17. The Government made payments in 2011-12, rather than allocating free carbon units in 2012-13, to provide upfront and immediate certainty to generators most heavily impacted by the introduction of a carbon price at a time when several of them faced significant debt refinancing tasks in a tighter global credit environment following the global financial crisis.