

Committee Secretary
Senate Standing Committee on Environment and Communications
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10 November 2016

Dear committee members,

Submission on the retirement of coal fired power stations

The North Queensland Conservation Council (NQCC) welcomes the opportunity to make a submission on the inquiry into the retirement of coal fired power stations.

NQCC is the regional conservation council for the area from Cardwell to Bowen, and from the Reef to the Northern Territory border. Established in 1974, it falls under the broad umbrella of the Queensland Conservation Council and focuses on education, advocacy and policy development.

So far, Federal and State Governments have failed to map out a comprehensive plan for retiring Australia's coal-fired power stations around Australia. Renewable energy has become the fastest growing energy source internationally as well as one of the fastest growing sectors,¹ rising from 25% of the world's electricity in 2013 to 28% in 2015. As renewable energy becomes a greater part of our energy mix, coal-fired power stations will become increasingly inefficient and unprofitable.

The decommissioning of coal stations cannot be left to the market. It must occur in a way that minimises the impact on our National Electricity Market, ensures we meet our international obligations to tackle climate change and does not economically devastate those communities dependent on coal stations.

The longer we go without a plan, the greater the liability to Australia

A plan to phase out coal power stations is essential if we wish to uphold our international climate commitments and protect our country from the negative impacts of climate change. Australia is already suffering from the severe impacts of climate change with extreme weather events becoming more frequent,² the Great Barrier Reef under increasing threat from rising sea temperatures and coral bleaching³ and the risk of bushfires in Queensland set to increase as temperature records continue to be broken.⁴ The recent storms in South Australia have

¹ https://www.eia.gov/forecasts/ieo/exec_summ.cfm

² https://www.acf.org.au/australia_unprepared_for_increase_in_extreme_weather_events

³ <https://theconversation.com/david-attenborough-says-the-great-barrier-reef-is-in-grave-danger-its-time-to-step-up-58204>

⁴ 2016, Be Prepared: Climate Change and the Queensland Bushfire Threat, *The Climate Council*

demonstrated the disastrous effects of climate change, and further increases in temperature place our essential infrastructure in jeopardy.⁵

The International Energy Agency predicts that in order to meet the goal of limiting warming to 2°C OECD countries will need to phase out coal-fired power plants by 2035.⁶ Australia's coal-burning power stations represent 30% of Australia's contribution to global warming.⁷ To achieve our emissions targets we will need to decommission the equivalent of one power station per year.

Our National Electricity Market is already transitioning away from fossil fuels. Many outdated and inefficient coal-fired power stations are already scheduled to be closed.⁸ The Institute for Energy Economics and Financial Analysis estimates there is 7600 MW of excess capacity in the market, meaning six large coal power stations could be decommissioned without affecting security of supply.⁹

Nearly all stakeholders in the National Electricity Market agree that a phased transition is preferable than letting stations close at the whim of the market. Both AGL and Energy Australia have called for a managed phase-out.¹⁰ AGL's Chief Financial Officer believes a plan would signal the need for more renewable energy and reduce the risk of blackouts.¹¹

Communities which rely upon fossil fuels are already feeling the impact as coal-fired power stations go off line. The closure of the power station in Port Augusta in May saw the community lose its largest employer and hundreds of jobs.¹² The looming shutdown of the Hazelwood power station in the La Trobe valley has residents fearing for the future of their community.¹³ In the absence of a planned transition, the free market cannot replace the jobs and opportunities lost by these communities.

⁵ <https://www.climatecouncil.org.au/climate-change-to-blame-for-south-australias-storm>

⁶ www.iea.org/publications/freepublications/publication/ECCE2016.pdf

⁷ <http://www.cleanenergyregulator.gov.au/NGER/About-the-National-Greenhouse-and-Energy-Reporting-scheme/Greenhouse-gases-and-energy>

⁸ <https://www.theguardian.com/environment/2016/nov/09/australias-coal-fired-power-stations-will-need-to-shut-at-rate-of-one-a-year-hearing-told>

⁹ https://www.ieefa.org/wp-content/uploads/2016/05/Sub-Critical-Australia-Risks-From-Market-Imbalance-in-the-Australian-National-Electricity_May-2016.pdf

¹⁰ <http://www.latrobevalleyexpress.com.au/story/3978056/win-for-renewable-energy/>

¹¹ <http://www.afr.com/business/energy/electricity/agl-energy-warns-of-blackout-risk-without-orderly-brown-coal-plant-closure-20160616-gpl73c>

¹² <http://www.abc.net.au/news/2016-05-09/port-augusta-s-coal-fired-power-station-closes/7394854>

¹³ <http://www.abc.net.au/news/2016-11-03/hazelwood-power-station-in-victoria-to-close/7987018>

In order to make a transition that protects our communities, our environment and our economy, NQCC recommends that the Government:

- Creates a timetable for the phasing out of coal-fired power stations, starting with the least efficient, highest polluting stations.
- Consults with communities, State and Local Governments to develop a plan for transition.
- Ensures that mine and power station workers receive full entitlements and adequate redundancy packages.
- Provide adequate retraining options for workers to move into other industries.
- Supports state renewable energy targets and implement an ambitious national RET to encourage investment in renewables.
- Remove subsidies and policy mechanisms that support fossil fuels and prevent investment in renewables.
- Implement a carbon price that would drive investment in Renewable energy.
- Ensure companies are made to pay for the decommissioning, rehabilitation and transition of old coal-fired power plants.

The decommissioning of our coal-fired power stations is inevitable. If we allow this process to be dictated by the market we put the Australian economy, environment and our communities at risk.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Jacob Miller', with a long horizontal flourish extending to the right.

Jacob Miller
Community Campaigner