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Vic Govt threatens force to replace Latrobe power stations' 116GL fresh water with treated city sewage

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The Victorian Government was headed for a battle with some Latrobe power stations over its \$1.5 billion plans to replace their 116GL fresh water supply with treated sewage, according to *The Age* (13/09/2006, p.2).

Relinquish Blue Rock water rights: The government was asking the power station

owners to give up their rights to fresh water from Blue Rock Dam and accept recycled waste water instead.

Expensive reverse osmosis: *The Age* believed they would want the State to pay for more expensive reverse osmosis technology to treat the waste water. So far the government had proposed to use reverse osmosis only at Hazelwood and the cheaper, less effective ultra-filtration technology at Yallourn and Loy Yang.

(see page 6: *Victoria threatens new water laws to stop power station freshwater-use, and Vic Govt 116GL/year recycled water plan for Latrobe Valley*)

AGL to cash in on new Victorian renewables policy: plans 140MW Bogong hydro

The AGL Bogong Power Development Project was a new underground power station on AGL Hydro's Junction Dam regulating pondage near Bogong village in the Victorian High Country, set to sell to the grid by 2009. The Bogong Power Station was originally intended to be part of the overall hydroelectric development of the Kiewa Valley in Victoria, however, it did not proceed. Water would be supplied from the McKay Creek

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Top price for NEM week 10-16 September 2006: McKay Power at \$150.89/MWh

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TAS			
Generator	Income (\$)	Output (MWh)	Av Price (/MWh)
Liap/Way/Cat	\$684,948	14,069	\$48.68
Bell Bay Power	\$881,285	18,681	\$47.17
John Butters	\$213,539	3,567	\$59.87
Tungatinah	\$284,781	5,437	\$52.38
Poatina	\$1,843,234	38,178	\$48.28
Tarraleah	\$551,926	11,715	\$47.11
Reece	\$541,767	9,991	\$54.22
Cethana	\$189,272	3,281	\$57.69
Tribute	\$155,006	2,597	\$59.69
Lemonthyme/Wilmot	\$293,421	5,681	\$51.65
Trevallyn	\$288,807	5,715	\$50.54
Mackintosh	\$250,552	4,776	\$52.46
Bastyan	\$231,999	4,360	\$53.22
Woolnorth Wind	-	-	-
Gordon	\$1,231,648	25,992	\$47.39
Vic->Tas	\$2,035,870	46,370	\$43.91
Devils Gate	\$138,575	2,451	\$56.54
Fisher	\$142,125	2,786	\$51.02
Meadowbank	118065.9363	2400.695	\$49.18
Lake Echo	-	-	-
Repulse	-	-	-
Paloona	-	-	-
Cluny	-	-	-

Power Station (MKPS) via a 5.7km long, five metre diameter tunnel from the MKPS tailrace to the new Bogong Power Station, to be constructed on the shores of Lake Guy.

How it works:

- a new power station on AGL Hydro's Junction Dam regulating pondage near Bogong village;
- a tunnel would from the existing McKay Creek power station to the regulating pondage.

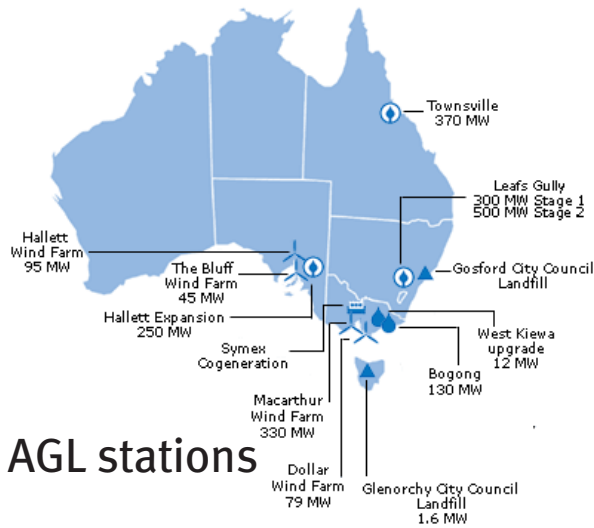
SA			
Generator	Income (\$)	Output (MWh)	Av Price (/MWh)
North'n Power	\$3,519,054	89,886	\$39.15
Ladbroke	\$281,282	7,187	\$39.14
Osborne	\$1,021,020	25,802	\$39.88
Pelican Pt	\$2,417,616	57,599	\$41.97
Torrens Is. B	\$1,677,136	38,141	\$43.97
Vic->SA	\$694,367	19,680	\$35.28
MLink->SA	\$25,452	739	\$34.44
Torrens Is. A	\$59,037	1,447	\$40.80
Mintaro	\$18,968	260	\$73.04
Dry Creek	-	-	-
Playford	\$300,273	6,639	\$45.23
Snuggery	-	-	-
Pt Lincoln	-	-	-
Quarantine	\$321,168	7,045	\$45.59
Angaston Power	-	-	-
Hallett Power	\$115,865	1,766	-
Lonsdale	-	-	-
Terminal Storage	-	-	-
Lake Bonney Wind	-	-	-

VIC			
Generator	Income (\$)	Output (MWh)	Av Price (/MWh)
Loy Yang A	\$13,806,028	356,734	\$38.70
Loy Yang B	\$6,697,929	172,293	\$38.88
Hazelwood	\$7,419,544	195,344	\$37.98
Yallourm	\$5,503,139	151,171	\$36.40
Anglesea	\$1,008,351	25,813	\$39.06
Energy Brix	\$872,905	22,687	\$38.48
Newport	\$1,250,932	21,842	\$57.27
MLink->Vic	\$160,373	3,223	\$49.75
SA->Vic	\$411,870	7,385	\$55.77
Snowy->Vic	\$2,518,818	61,542	\$40.93
Tas->Vic	\$426,893	5,363	\$79.60
Jeeralang	\$229,619	2,629	\$87.35
West Kiewa	\$68,031	1,068	\$63.72
Bairnsdale	\$203,103	3,419	\$59.40
Dartmouth	\$836,997	20,706	\$40.42
Eildon	\$78,242	1,596	\$49.04
Hume Vic	-	-	-
McKay Power	\$23,311	154	\$150.89
Clover	-	-	-
Valley Power	\$11,963	252	\$47.43
Rubicon	-	-	-
Laverton North	-	-	-
Somerton Power	222994.3532	3294.88	-
Sunshine Energy	-	-	-
Longford	-	-	-

NSW			
Generator	Income (\$)	Output (MWh)	Av Price (/MWh)
Bayswater	\$11,397,350	296,816	\$38.40
Liddell	\$7,757,294	209,138	\$37.09
Mt Piper	\$8,394,923	225,464	\$37.23
Wallerawang	\$2,076,556	50,147	\$41.41
Vales Point	\$3,724,896	96,123	\$38.75
Munmorah	\$1,603,784	43,552	\$36.82
Eraring	\$13,332,617	339,810	\$39.24
Redbank	\$914,404	24,863	\$36.78
Smithfield	\$785,244	19,890	\$39.48
Snowy->NSW	\$1,954,833	30,525	\$64.04
Shoalhaven	\$109,478	3,591	\$30.49
Hunter Valley	\$277	9	\$29.35
Hume Hydro	\$92,698	2,634	\$35.19
Blowering	\$224,855	6,227	\$36.11
Northern Gas	-	-	-
Burrinjuck	-	-	-
Brown Mountain	-	-	-
Keepit	-	-	-
Broken Hill	-	-	-
Ergon Energy	-	-	-
DL Q->N	\$856,018	24,072	\$35.56
QLD->NSW	\$5,854,682	163,650	\$35.78
Pindari Hydro	-	-	-
West Nowra	-	-	-
Country En (NSW)	-	-	-

QLD			
Generator	Income (\$)	Output (MWh)	Av Price (/MWh)
Tarong	\$5,109,005	278,547	\$18.34
Millmerran	\$2,550,524	138,639	\$18.40
Swanbank	\$763,404	39,723	\$19.22
Stanwell	\$3,268,914	175,037	\$18.68
Callide B	\$1,900,075	101,523	\$18.72
Callide Power	\$2,683,619	144,239	\$18.61
Gladstone	\$2,729,125	140,944	\$19.36
Collinsville	\$87,800	4,530	\$19.38
Swanbank C_D_E	\$903,955	47,520	\$19.02
Barcaldine	\$72,224	3,752	\$19.25
Callide A	-	-	-
Kareeya	\$139,152	6,817	\$20.41
Barron Gorge	\$112,002	5,583	\$20.06
Mt Stuart	\$2,983	157	\$18.98
Vivenhoe	\$19,597	846	\$23.16
Braemar Power	\$298,555	13,221	\$22.58
Townsville	\$582,142	32,038	\$18.17
Mackay	-	-	-
Roma	\$5,577	289	\$19.31
Oakey	-	-	-
DL N->Q	\$3,101	153	\$20.28
NSW->QLD	-	-	-
Rocky Point	-	-	-
Tableland	-	-	-
Stapylton	-	-	-

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- It would generate 130MW of power via a new power station located near Bogong. When approved, the station would generate 94,000MWh of new renewable electricity each year, abating around 122,000 tonnes of greenhouse gas emissions.

3 How to create EU16/tonne greenhouse credits by converting from single cycle to combined cycle generation

The following is a proposed method to account and create greenhouse credits from conversion from single cycle to

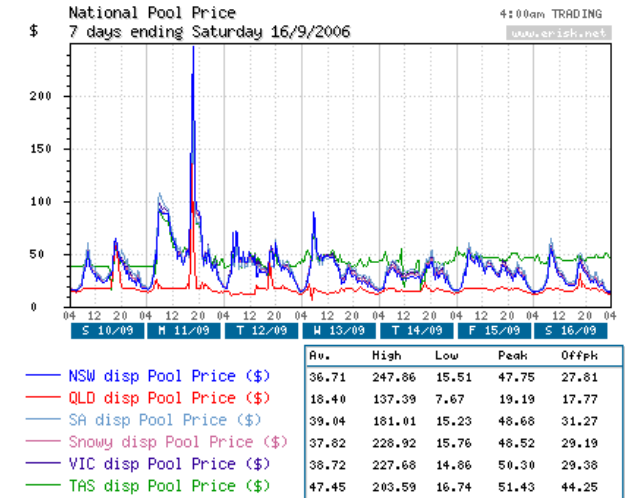
the week in detail

• **NSW:** Average price \$36.71/MWh, up 27 per cent on the \$28.90/MWh of the previous week, down 7 per cent on the spike-affected \$39.56/MWh of the comparable week last year; maximum price \$247.86/MWh for the 30-minute trading interval ended 1900EST on Monday. Average demand 8954MW, up 0.9 per cent on the previous week, up 4.1 per cent on a year ago; maximum demand 11,723MW in the 1900EST Monday interval, up 2.3 per cent on the 11,460MW the previous week.

• **Victoria:** Average price \$38.72/MWh, up 25 per cent on the \$31.05/MWh the previous week, down 5 per cent on the spike-affected \$40.58/MWh of the comparable week last year; maximum price \$227.68/MWh for the 30-minute trading interval ended 1900EST on Monday. Average demand 5836MW, down 3.5 per cent on the previous week, down 0.9 per cent on a year ago; maximum demand 6885MW for the 0900EST interval on Monday, down 7.5 per cent on the 7445MW the previous week.

• **South Australia:** Average price \$39.04/MWh, up 16 per cent on the spike-affected \$33.79/MWh the previous week, down 3 per cent on the spike-affected \$40.36/MWh of the comparable week last year; maximum price \$181.01/MWh for the 30-minute trading interval ended 1900EST on Monday. Average demand 1452MW, down 3.3 per cent on the previous week, up 9MW on a year ago; maximum demand 1843MW for the 1930EST Monday interval, down 6.0 per cent on the 1961MW the previous week.

• **Queensland:** Average price \$18.40/MWh, down 14 per cent on the \$21.43/MWh the previous week, down 41 per cent on the spike-affected \$31.24/MWh of the comparable week last year; maximum price \$137.79/



MWh for the trading interval ended 1830EST on Monday. Average demand 5605MW, down 2MW on the previous week, up 4.8 per cent on a year ago; maximum demand 7090MW for the 1830EST Monday interval, up 4.7 per cent on the 6770MW the previous week.

• **Tasmania:** Average price \$47.45/MWh, up 28 per cent on the spike-affected \$37.09/MWh the previous week, down 24 per cent on the spike-affected \$62.65/MWh of the comparable week last year; maximum price \$203.59/MWh for the trading interval ended 1900EST on Monday. Average demand 1216MW, down 2MW on the previous week, up 2.2 per cent on a year ago; maximum demand 1533MW for the interval ended 0830EST Monday, up 2.5 per cent on the 1495MW the previous week.

combined cycle power generation under the Clean Development Mechanism of the Kyoto Protocol.

Methodologies used: This baseline methodology is based on elements from the following methodologies:

NM0070: Conversion of existing open cycle gas turbine to combined cycle operation at Guaracachi power station, Santa Cruz, Bolivia whose Baseline study, Monitoring and Verification Plan and Project Design Document were prepared by KPMG, London; and

NM0078-rev: Conversion of single cycle to combined cycle power generation, Ghana whose Baseline study, Monitoring and Verification Plan and Project Design Document were prepared by Quality Tonnes and The Energy Foundation.

Grid-connected power: This methodology also refers to ACM0002 (*“Consolidated baseline methodology for grid-connected electricity generation from renewable sources”*) and the latest version of the “Tool for the demonstration and assessment of additionality”.

How the credit is created: When project developers utilize previously-unused waste heat from a power plant, with a single-cycle capacity, and utilize the heat to produce steam for another turbine – thus making the system combined-cycle; When waste heat generated on site is not utilizable for any other purpose on-site; or where the project activity does not increase the lifetime of the existing gas turbine

during the crediting period (i.e. this methodology is applicable up to the end of the lifetime of existing gas turbine, if shorter than crediting period); Where project developers have access to appropriate data to estimate the combined margin emission factor, as described in ACM0002 “Consolidated baseline methodology for grid-connected electricity generation from renewable sources”, of the electricity grid to which the proposed project is connected.

Monitoring methodology: This baseline methodology is used in conjunction with the approved consolidated monitoring methodology AM00XX (*Monitoring methodology for conversion from single cycle to combined cycle power generation*).

Baseline scenario: The Baseline scenario is that in the absence of the proposed project activity the electricity, to meet the demand in the grid system, will be generated by:

- 1. operation of the existing power plant in open cycle model;
- 2. operation of existing grid-connected power plants; and
- 3. addition of new generation sources to the grid.

Scenario critical: This methodology is only applicable where it can be demonstrated that the baseline scenario is as described above.

Demonstration steps: The project proponents should undertake the following steps to demonstrate it: 1) Identify plausible

alternatives to the project activity that deliver similar outputs and services in a comparable service area, of which one of the scenario is the baseline scenario described above. 2) Evaluate the identified alternative baseline scenarios for their compliance with applicable regulations, including:

- regulations for utilization of waste heat on the premises where it is generated;
- regulation on energy efficiency norms for power projects; and
- emission norms for power projects.

Remove alternatives: Alternatives that are not in compliance with existing regulations should be removed from further assessment.

Barrier test: Demonstration step 3) is to conduct a barrier test analysis considering the following types of barriers:

- investment barriers;
- technological barriers;
- barriers due to prevailing practice; and
- other barriers.

Fewest barriers: The scenario with the least barriers is the baseline scenario. If a scenario other than continuation of current practice is selected then this methodology is not applicable. The baseline scenario is the following: electricity would be generated by the operation of the power plant in open cycle mode, by existing and likely future grid-connected power plants.

Baseline emission factor: The Baseline emission factor (EF_y) should be calculated as a combined margin (CM), following the guidance in the section "Baselines" in "Consolidated baseline methodology for grid-connected electricity generation from renewable sources" (ACM0002).

Modification: If project proponents use the dispatch data analysis method, as described in ACM0002, the following modification applies: The group 'n' of power plants in the dispatch margin is set of power plants in the top x percentage of total electricity dispatched by the grid system during hour h, where x percentage is equal to the greater of either: 10 per cent; or the project generation during hour h expressed as a percentage of the total grid generation for that hour.

Plant efficiency method: Project proponents can use the efficiency of the plant to estimate combined margin emission factor if fuel data for plants is not available.

Fuel volume: The volume of fuel consumed by each plant can be calculated using the efficiency of the plant and the electricity output. The efficiencies of the units attached to the grid should be from publicly verifiable sources. In case of multiple sources and values of efficiency one which results in most conservative estimate of emission factor should be used.

For more information regarding the proposals and their consideration by the Executive Board please refer to <http://cdm.unfccc.int/methodologies/PAMethodologies/approved.html>

Reference: CDM – Meth Panel, AM00XX/Version 01, Sectoral Scope: XX, 24 October 2005. Document is available at http://cdm.unfccc.int/Panels/meth/Meth18_repan3_ACMXXX_Cons_NM0070_NM0078rev.pdf

Origin issues tenders for 1st 500MW stage of Spring Gully 1000MW coal seam gas power station: decision likely 2007

Origin Energy Power Ltd has issued tender documents for the proposed development of the first 500MW of a nominal 1,000MW coal seam gas-fired power station at its Spring Gully Coal Seam Gas Plant, 80km north of Roma, the company announced.

Go-ahead decision expected 2007: A short list of tenderers had been prepared and discussions were under way. A board decision on whether to proceed to construction was expected at the end of the March quarter of 2007. The construction would take two and a half years.

Origin's largest Qld outlay: Should the power station proceed to its nominal 1,000MW capacity, it would represent Origin's single largest investment in Queensland and would bring Origin's total investment in the state to over \$1,800 million since the company listed in 2000.

Reference: Tony Wood, General Manager, Public and Government Affairs, ph: (03) 9652 5506, website: <http://www.originenergy.com.au>

AER rules distribution, 2008

The Australian Energy Regulator (AER) has issued its electricity distribution regulatory guidelines outlining the scope and timeframes for its consultation processes on the development of guidelines for the regulation of electricity distribution services.

Prepares for 2008 distribution handover: The work is part of the AER's preparation for assuming responsibility for electricity distribution regulation, which is expected to occur by 1 January 2008. "The guidelines, once finalised, are intended to provide certainty to stakeholders," AER chair, Steve Edwell, said. "They will signal the AER's approach to regulating the prices of monopoly services at the distribution level".

Focus on regulatory certainty: Edwell said the timing and contents of the process were largely based on the need to deliver certainty about the regulatory framework to distribution businesses, but also ensure that the AER's work remains within the legislative and rule making framework.

Sufficient consensus exists: The AER believed there was sufficient consensus among stakeholders on the fundamental elements of the likely regulatory regime to begin work on the guidelines.

AEMC draft transmission rules is a guide: The AER has been particularly guided by the Australian Energy Market Commission's recent draft rule determination for electricity

transmission, and the MCE's latest announcements regarding the 2006 and 2007 legislative packages for energy network regulation.

Reference: 'AER issues Electricity Distribution Regulatory Guidelines: Statement of Approach' Australian Energy Regulator. **Contact:** ph: 1300-302-502, **website:** <http://www.aer.gov.au/content/index.phtml/itemId/704657>

Victoria threatens new laws to stop station freshwater-use

Victoria warned that legislation might be introduced to force power stations to give up their water rights. Brendan Jenkins, Labor MP for Morwell, supported the project but agreed the government had failed to consult properly. "There's no doubt that we've got to do a better job of engaging the Gippsland community with the proposals being put forward and investigated," he said.

No campaign pledge yet: A spokesperson for Water Minister John Thwaites said the government was still considering the feasibility study and would not comment on agreements with power station owners or whether the proposal would be part of Labor's election campaign.

Vic Govt 116GL/year recycled water plan for Latrobe Valley

A \$1 billion Victorian Government plan to divert 116 billion litres of waste water a year from an ocean outfall to the Latrobe Valley has passed a feasibility study, reported *The Australian* (9/9/2006, p.8).

Coal plants to use recycled water: In what would be the nation's biggest water recycling project, the water would be used to cool the massive coal-fired power plants in the valley, which now use drinkable water from the Melbourne catchment area.

Sewage flow cut by 80pc: The scheme to pipe Melbourne's treated sewage from outer suburban Carrum to Gippsland, 100km west, would cut by 80 per cent the 135 billion litres a year of treated sewage that flows into the sea at picturesque Gunnamatta, southeast of Melbourne.

More drinking water for Melbourne: The drinking water now used to cool the generators – about a quarter the volume of Sydney Harbour – would be retained in Melbourne's water storages.

Minister defends \$220m pipeline: In an interview with *The Weekend Australian*, Water Minister John Thwaites would not be drawn on the feasibility of the Latrobe Valley recycling plan but defended the \$220 million Ballarat pipeline proposal.

NEMMCO Joint Capacity Constraints for Delayed Contingency FCAS in NEMDE

To avoid simultaneous calls to generators to supply regulation and FCAS services, last year NEMMCO implemented Joint Capacity Constraints for Delayed Contingency FCAS (5-Minute) in NEMDE in May, with further NEMDE changes in May 2006 to extend Joint Capacity Constraints to also cover the remaining Fast (6Sec) & Slow (60Sec) Contingency services.

Previously unmanaged: Until May 2005, FCAS offered trapezium constraints managed interaction between the energy and that particular FCAS service, without any management of the interaction between different FCAS services through the FCAS offer trapezium constraints.

Dual response undeliverable: This dual response could not be delivered if the unit was using the same physical capacity to deliver both services. This led to the problem of over-estimating the enabled Regulation or Contingency FCAS.

Reference: NEMMCO, Minutes of National Market Information Forum - No. 73, held on Thursday 6 July 2006, conducted from Sydney to Melbourne, Brisbane, Canberra, Hobart and Adelaide.

SA ESC rules out ETSA legal action over 2005 summer heatwave licence breaches: recommends doubled compo

The South Australian energy regulator said it would not take legal action against ETSA Utilities over its handling of last January's summer heatwave, despite finding that the electricity distributor had breached its licence conditions, reported *The Advertiser* (13/9/2006, p.11).

Double customer compo: In its final report on the heatwave, released on 12 September, the Essential Services Commission (ESC) also recommended a doubling of the amount payable to customers who lose electricity for more than 24 hours from \$160 to \$320.

96,000 customers affected: About 96,000 households and small businesses across Adelaide lost power between 19 and 22 January – some for more than 24 hours – when temperatures went above 40C. ETSA chief executive Lew Owens was forced to publicly apologise after a backlash from the State Government and consumers.

ETSA dishes out \$535,000: The company has since had to pay \$535,000 to consumers who suffered extended power loss, and \$600,000 to those who lost perishable foods.

Regulatory change ruled out: However, despite identifying "inadequacies" in ETSA's

responses last January, the commission has stopped short of calling for major changes in its regulatory system. "The (current) framework provides appropriate incentives to ensure that ETSA is motivated to redress poor performance," its report said.

\$34m spent on "summer proofing": Commission chair Patrick Walsh has requested that ETSA report by November on measures it has taken in preparation for summer. ETSA general manager of services Sue Filby said on 12 September the company was spending \$34 million to help "summer proof" its network.

State Govt satisfied: Energy Minister Patrick Conlon said that while ETSA would not face fines over the incident it had "lost millions" and would be "terrified of letting this happen again this summer". Conlon said the government would not argue with the commission, nor was he embarrassed by its decision not to proceed with legal action – despite his strong public threats against ETSA.

SA allocates record \$1,121,587 in 2005/06 for Port Pirie powerline undergrounding

The \$1,121,587 contribution to the powerline undergrounding project in Ellen Street, Port Pirie in 2005/06 was the largest commitment in regional South Australia yet made, South Australia's Power

Line Environment Committee (PLEC) said in its 2005/06 annual report.

59pc funding to regional areas: The report said the program comprised of mix of 41 per cent funding for the metropolitan area and 59 per cent for the regional area.

Reference: 2005/06 annual report of Power Line Environment Committee published Essential Services Commission of South Australia (ESCOSA). 11 September 2006. ESCOSA address: GPO Box 2605, Adelaide. SA. 5001. Phone: (08) 8463 4444. Fax (08) 8463 4449. <http://www.escosa.sa.gov.au>

\$95.8m on undergrounding power lines in SA since 1990: 66.8km power lines go underground since 2000/01

A total of \$95.8 million had been spent on undergrounding power lines since 1990, South Australia's Power Line Environment Committee (PLEC) said in its 2005/06 annual report.

Who contributed: The report said PLEC had contributed \$59.8 million, councils \$28.4 million and the Department of Transport, Energy and Infrastructure (DTEI) \$7.6 million.

Success of strategic approach: In submitting the annual report to the Minister, the PLEC chair, Rosemary Crowley, said the representative of ETSA Utilities, Craig Cock, who resigned from the committee after retiring

from work, commented at his farewell on the success of the strategic approach to undergrounding.

Undergrounding now significant: This approach, implemented in the late 1990s, led to significant stretches of undergrounding rather than short, piecemeal outcomes.

66.8km underground since 2000/01: The report showed that since 2000/01, 66.8 kilometres of power lines had been undergrounded under the PLEC program at an overall cost of \$44.6 million.

Reference: 2005/06 annual report of Power Line Environment Committee published Essential Services Commission of South Australia (ESCOSA). 11 September 2006. ESCOSA address: GPO Box 2605, Adelaide. SA. 5001. Phone: (08) 8463 4444. Fax (08) 8463 4449. <http://www.escosa.sa.gov.au>

Tas Govt requirement for uniform electricity tariffs across specific areas means low-voltage users pay more

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The requirement that the tariff price of electricity for customers of a particular area must be uniform throughout the supply area meant that low voltage customer network tariffs were effectively postage stamped, the Office of the Tasmanian Energy Regulator (OTTER) said in a draft report.

No local congestion signals received: In its draft report on “Costs and benefits of the

rollout of interval meters in Tasmania”, OTTER said this government policy position meant no local congestion signals were received through network use-of-service pricing.

Institutional impediment: This postage stamping of network tariffs might represent an institutional impediment to realising the full benefits of interval metering and time-of-use tariffs.

Areas of local stress can't be targeted: This was because areas of localised network stress, where load smoothing would be valued very highly, could not be specifically targeted with a distribution or retail product designed to share these benefits between the customer and network provider.

Reference: Draft report by Office of the Tasmanian Energy Regulator (OTTER) on “Costs and benefits of the rollout of interval meters in Tasmania”. August 2006. Address: Level 5, 111 Macquarie Street, Hobart. 7000. Tas. GPO Box 770, Hobart. 7001. Tas. Phone: (03) 6233 6323. Fax: (03) 6233 5666. Email: office@energyregulator.tas.gov.au <http://www.energyregulator.tas.gov.au>

Avoided costs of Tas gen to supply peak demand not relevant OTTER report

Avoided costs associated with generation to supply peak demand were not a relevant consideration in Tasmania's energy-constrained system, the Office of the Tasmanian Energy Regulator (OTTER) said in a draft report.

Identifying costs and benefits: In its draft report on “Costs and benefits of the rollout of interval meters in Tasmania”, OTTER commented on how benefits and costs were identified. It said one of the main methods used to gather the inputs for the assessment was through data requests and discussions with industry stakeholders.

Realistic and practical insights: Such an approach provided realistic and practical insights into the costs associated with interval metering and allowed OTTER to meet Ministerial Council on Energy (MCE) requirements and the terms of reference for a transparent and consultative approach to establishing costs and benefits.

Experience of other jurisdictions: The approach first involved an initial assessment of costs and benefits, which was informed from studies undertaken in other jurisdictions and his own experience.

Views of local utilities: The views of Aurora Energy's retail and distribution divisions, Transend and Hydro Tasmania, were then sought on the practicability of these assumed costs and benefits, and to identify any additional costs and benefits.

Avoiding costs for lifting network capacity: The principal possible benefit was the deferral or avoidance of capital costs of increasing network capacity that might arise with a reduction in peak demand. Avoided costs associated with generation to supply peak demand were not a relevant consideration in Tasmania's energy-constrained system.

Solar soon cheaper than coal

Origin Energy solar manager Greg Lavery debunked the idea that home-based solar energy production was emissions-negative because of the inputs during solar panel production, reported *The Advertiser* (13/9/2006, p.50).

Production offset in 1-3 years: Lavery said the payback period for solar energy was as low as 1.5 years and generally between one and three years.

Soon to beat the grid: In less than 20 years it would be "cheaper to use solar than being on the grid," he said in a panel discussion at the Asia Pacific Oil and Gas Conference in Adelaide on 12 September. Lavery said subsidies currently poured into the oil and gas industry far outweighed those given to solar and other renewables.

Australian solar scientist now China's richest man

Australian solar scientist Dr Zhengrong Shi became the wealthiest person in mainland China and the fourth richest Australian after founding a company to manufacture electricity-producing solar cells in Wuxi, near Shanghai, in 2001, reported *The Sydney Morning Herald* (12/9/2006, p.14).

Early gains can be renewed: Although Australia had lost its world lead in developing a

solar energy industry, it was not too late to catch up, said Shi, 43, who in 1989 was a PhD student in the groundbreaking Sydney photovoltaics laboratory run by Professor Martin Green and Professor Stuart Wenham.

Sunshine to burn: "But we have to think long-term and in a more creative way. Australia has the best solar technology. And we have got so much sunshine. Our coal and gas will only become more valuable with time, why sell it off so quickly? We should exploit our renewable energy and save the resources for the future," Shi said.

Great leap after China investment: Shi had been persuaded to found his company, Suntech Power Holdings, after the Wuxi region offered US\$6 million to establish a conventional photovoltaic solar cell plant. Within three years of start-up, it was among the world's top 10 solar cell makers.

Germany makes long-term commitment: About 80 per cent of Suntech's sales were to Europe, primarily in Germany

\$160m Sinosteel stake in SA uranium deposit means it can bypass Australian suppliers and export direct to China

China has bought a controlling stake in a \$160 million South Australian uranium deposit in a move that allows it to

bypass Australian suppliers and export directly to its own nuclear power plants, reported *The Australian* (14/9/2006, p.1).

Long-term plans for 60pc ownership: One of its giant metals corporations, Sinosteel, has taken the first step to owning 60 per cent of the Crocker Well uranium field in South Australia, which is now held by Sydney-based explorer PepinNini.

Non-military use only: In April, the Federal Government agreed that China could buy uranium from Australia under strict controls designed to ensure it is used only for non-military purposes.

Huaneng to double gen to 80GW by 2010: mostly coal

The Beijing-based Huaneng Group aims to have installed more than 80GW generation capacity, with sales revenue of 140 billion yuan (17.5 billion dollars) by 2010. At the end of last year the Beijing-based group, which is also parent of Hong Kong-listed Huaneng Power International, had a total production capacity of 43.2GW.

Coal gets lion's share: The bulk of the new investment, estimated at \$US31 billion, will go to coal power stations, while a portion will be used on new hydro and wind plants, the *China Daily* quoted Huaneng Group president Li Xiaopeng as saying.

Renewables 10pc: "The new facilities to be installed will be large-scale coal-fired units and renewable energy-fueled plants, which highlight cost-efficiency and environmental protection," Li said in Beijing. Hydro and wind power will make up 10 to 15 per cent of the Huaneng's total mainland capacity by 2010, the paper quoted Hu Shihai, a senior company official, as saying.

China's power squeeze easing: Power outages seriously impacted on China's economic performance earlier this decade, but have been less of a problem in 2006 as more capacity has come on line.

Reference: World Business Council for Sustainable Development, website: <http://www.wbcsd.org>

State & territory refusal to relinquish power jeopardises progress toward \$110bn NEM, say big users and retailers

Attempts to create a national energy market were being jeopardised by states and territories refusing to relinquish regulatory powers, said major users and retailers concerned about reform of the \$110 billion market, Duncan Hughes and Annabel Hepworth wrote in *The Australian Financial Review* (11/9/2006, p.3).

State agencies double up: Victoria's Essential Services Commission and the NSW Independent Pricing and Regulatory Tribunal

(IPART) had recently proposed writing regulations duplicating rules that could be set at a national level once new Australian energy market regulators get new responsibilities, the concerned parties said.

Layers of regulations loom: Energy Retailers Association of Australia executive director Cameron O'Reilly warned the national reform agenda could become an "overlay of more complex regulation". "Ultimately, the industry will only support reforms that lead to less regulation not more, and a nationally consistent approach to regulation," he said.

Concern over sticky grip on pricing: There were continuing concerns that the states and territories would try to retain controls on retail energy pricing, undermining a national drive to deregulate electricity and gas prices once there was "effective" competition between retailers.

IPART to rule on NSW tariffs to 2010: The NSW Government had asked the state's IPART to determine the regulated retail electricity tariffs for July 2007 to 2010.

Coal & oil to grow faster than renewables if no carbon cost

Coal would not be challenged as the main source of electric power generation unless the cost of carbon dioxide pollution was factored into the energy market, according to geothermal energy consultant Bertus de Graaf, reported *The Advertiser* (13/9/2006, p.50).

Alternative energy trends down: Dr de Graaf told a panel discussion at the Asia Pacific Oil and Gas Conference in Adelaide on 12 September that the world was going backwards on alternative energy use. International Energy Agency figures showed the proportion of electricity from renewable sources had shrunk from 24 per cent to 15 per cent from 1970 to 2004.

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