

PM's millionaire mates reveal nuclear-plant plans; 'That's a great idea, Ron', says PM

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Former Liberal Party national treasurer, Ron Walker, was said to have approached the Federal Government about building a nuclear plant in Victoria or South Australia. The deal was linked to Crosby-Textor, the PR masterminds of four consecutive general election victories for John Howard. Lynton Crosby runs a successful Melbourne-based consultancy, Crosby Textor, with the Liberal Party's pollster Mark Textor.

Ron Walker, Hugh Morgan and Robert Champion de Crespigny are key shareholders of a private company called Australian Nuclear Energy Pty Ltd. Morgan, the former head of uranium producer Western Mining, is chairman and owns 20 per cent of the company. Walker and his close friend Mr de Crespigny each have 40 per cent stakes. de Crespigny chairs Chair of market research firm Crosby Textor and Investor Relations firm CT Financial, both of which were founded by Lynton Crosby and Mark Textor. Walker chairs Fairfax. Crosby Textor has acted for BHP, Kelloggs, Pfizer, Woolworths, AMP, GIO, Snowy Hydro, National Australia Bank, The Bulletin, Mobil, Bunnings, Wesfarmers and British American Tobacco and more. He has also been engaged by more than 20 national industry associations.

Washes of cash: Walker's Hudson Conway, developed the Crown Casino complex in Melbourne and was the casino's first operator. In 2000, he netted approximately \$86 million.

Walker wanted uranium: This is the same Ron Walker who in 2004, wanted the Federal Government to buy WMC's Olympic Dam "in the national interest", to stop Xstrata from getting it. It went instead to BHP. Walker vowed to "do everything I can do to prevent Xstrata seizing control of the uranium assets in WMC because it is of strategic and security

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Top price for NEM week 428: Angaston Power at 324.24

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importance”, while Crosby Textor, the lobby group of Crosby, a former campaign director, for the Liberal Party, distributed information raising national interest concerns. This was same Walker, who as federal treasurer of the Liberal Party in 2002, reportedly raised \$175 million in corporate donations for the party and Howard government. Walker told the Australian Electorate Commission he had bailed out the Liberal Party when the National Bank had threatened to call in a debt. Mr de Crespigny, another partner in the nuclear plant plan and who opposed Xstrata’s 2003

TAS			
Generator	Income (\$)	Output (MWh)	Av Price (/MWh)
Liap/Way/Cat	\$995,232	12,796	\$77.78
Bell Bay Power	\$358,317	7,468	\$47.98
John Butters	\$1,106,613	14,156	\$78.17
Tungatinah	\$437,089	5,011	\$87.23
Poatina	\$2,330,237	28,159	\$82.75
Tarraleah	\$790,516	11,678	\$67.69
Reece	\$1,721,041	15,849	\$108.59
Cethana	\$461,990	4,118	\$112.19
Tribute	\$502,063	3,914	\$128.27
Lemonthyme/Wilmot	\$531,214	4,469	\$118.86
Trevallyn	\$329,138	3,580	\$91.95
Mackintosh	\$643,362	6,127	\$105.01
Bastyan	\$549,724	4,831	\$113.78
Woolnorth Wind	-	-	-
Gordon	\$3,971,366	56,917	\$69.77
Vic->Tas	\$689,283	20,997	\$32.83
Devils Gate	\$302,777	2,659	\$113.85
Fisher	\$203,708	2,120	\$96.08
Meadowbank	153256.1387	1700.14	\$90.14
Lake Echo	-	-	-
Repulse	-	-	-
Paloona	-	-	-
Cluny	-	-	-

SA			
Generator	Income (\$)	Output (MWh)	Av Price (/MWh)
North'n Power	\$3,764,516	61,158	\$61.55
Ladbroke	\$588,269	5,276	\$111.49
Osborne	\$1,920,960	26,298	\$73.05
Pelican Pt	\$5,092,516	71,667	\$71.06
Torrens Is. B	\$5,513,559	64,297	\$85.75
Vic->SA	\$2,065,003	31,146	\$66.30
MLink->SA	\$272,905	2,900	\$94.11
Torrens Is. A	\$625,314	7,149	\$87.47
Mintaro	\$252,065	1,696	\$148.65
Dry Creek	\$232,924	1,514	\$153.80
Playford	\$1,648,999	21,250	\$77.60
Snuggery	\$16,291	135	\$120.42
Pt Lincoln	\$27,882	91.81	\$303.71
Quarantine	\$603,426	4,817	\$125.28
Angaston Power	\$24,694	76	\$324.24
Hallett Power	\$1,114,269	8,959	-
Lonsdale	-	-	-
Terminal Storage	-	-	-
Lake Bonney Wind	-	-	-

VIC			
Generator	Income (\$)	Output (MWh)	Av Price (/MWh)
Loy Yang A	\$19,033,406	318,517	\$59.76
Loy Yang B	\$10,694,382	175,569	\$60.91
Hazelwood	\$14,743,366	236,557	\$62.32
Yallourn	\$13,091,117	225,344	\$58.09
Anglesea	\$1,526,477	25,030	\$60.99
Energy Brix	\$1,433,329	23,440	\$61.15
Newport	\$366,723	7,221	\$50.78
MLink->Vic	\$149,431	1,904	\$78.50
SA->Vic	\$240,017	2,713	\$88.46
Snowy->Vic	\$7,855,268	78,144	\$100.52
Tas->Vic	\$3,042,997	24,081	\$126.37
Jeeralang	\$102,721	1,708	\$60.15
West Kiewa	\$202,033	1,286	\$157.11
Bairnsdale	\$634,077	7,231	\$87.69
Dartmouth	-	-	-
Eildon	\$174,409	1,113	\$156.66
Hume Vic	-	-	-
McKay Power	\$424,249	2,771	\$153.13
Clover	-	-	-
Valley Power	\$2,102,472	22,700	\$92.62
Rubicon	-	-	-
Laverton North	2016252.635	24230.105	-
Somerton Power	832688.2373	7070.185	-
Sunshine Energy	-	-	-
Longford	-	-	-

NSW			
Generator	Income (\$)	Output (MWh)	Av Price (/MWh)
Bayswater	\$18,015,186	314,388	\$57.30
Liddell	\$12,246,346	215,368	\$56.86
Mt Piper	\$10,534,833	173,281	\$60.80
Wallerawang	\$6,605,897	113,050	\$58.43
Vales Point	\$11,001,281	193,769	\$56.78
Munmorah	\$1,944,642	34,993	\$55.57
Eraring	\$21,419,608	360,365	\$59.44
Redbank	\$1,010,897	18,970	\$53.29
Smithfield	\$1,277,511	19,934	\$64.09
Snowy->NSW	\$5,704,835	46,574	\$122.49
Shoalhaven	\$374,447	10,417	\$35.95
Hunter Valley	-	-	-
Hume Hydro	-	-	-
Blowering	\$47,988	884	\$54.28
Northern Gas	-	-	-
Burrinjuck	-	-	-
Brown Mountain	-	-	-
Keepit	-	-	-
Broken Hill	-	-	-
Ergon Energy	-	-	-
DL Q->N	\$777,872	14,771	\$52.66
QLD->NSW	\$6,756,349	117,584	\$57.46
Pindari Hydro	-	-	-
West Nowra	-	-	-
Country En (NSW)	-	-	-

QLD			
Generator	Income (\$)	Output (MWh)	Av Price (/MWh)
Tarong	\$11,966,785	253,128	\$47.28
Millmerran	\$4,209,910	95,183	\$44.23
Swanbank	\$2,190,238	42,614	\$51.40
Stanwell	\$9,782,671	202,732	\$48.25
Callide B	\$4,872,165	102,590	\$47.49
Callide Power	\$6,031,601	122,183	\$49.37
Townsville	\$1,499,083	29,048	\$51.61
Gladstone	\$8,664,584	171,205	\$50.61
Collinsville	\$713,344	13,364	\$53.38
Swanbank C. D. E	\$2,383,165	48,858	\$48.78
Barcaldine	\$215,480	2,844	\$75.76
Callide A	-	-	-
Kareeya	\$679,690	14,784	\$45.97
Barron Gorge	\$359,391	7,966	\$45.11
Mt Stuart	\$175,593	1,245	\$141.06
Wivenhoe	\$3,368	200	\$16.86
Braemar Power	\$2,583,990	39,156	\$65.99
Mackay	\$2,057	23	\$88.79
Roma	\$204,362	1,917	\$106.61
Oakey	\$11,424	66	\$172.43
DL N->Q	-	-	-
NSW->QLD	-	-	-
Rocky Point	-	-	-
Tableland	-	-	-
Stapylton	-	-	-

takeover of MIM, is the chair of Crosby Textor and sat on the Buka Minerals board with Walker. De Crespigny was then on SA's Economic Development Board Crosby was a former Federal Director of the Liberal Party of Australia.

Reference: More at <http://www.aph.gov.au/house/committee/em/donations/subs/sub8.pdf>

States oppose nuclear plants

Both States oppose the use of nuclear energy. However the Free Trade Agreement with the USA may override the States, and under a recent precedent, The Commonwealth may also override the States.

GE plants: The plant plan was said to use USA General Electricity technology. GE recently purchased rights to Silex uranium enrichment technology. Silex – an ASX-listed company, funded by the Australian Government, and hosted at the CSIRO ANSTO site at Lucans Heights. Silex – which contracts with the US Defence Department, lost \$10 million last year – but had \$35m in the bank from its public listing on the ASX.

3 Nuclear cheaper than coal generation, with a CO2 dump

According to the generator lobby, nuclear was cheaper than coal generation with CO2 dumps: "Essentially, there is a gap between nuclear and clean coal ... if clean coal

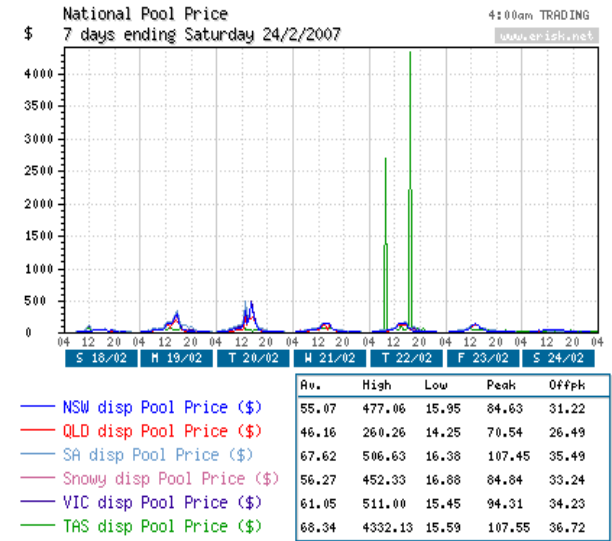
the week in detail

• **NSW:** Average price \$55.07/MWh, up 13 per cent on the spike-affected \$48.58/MWh the previous week, up 136 per cent on the \$23.31/MWh of the comparable week last year; maximum price \$477.06/MWh for the 30-minute trading interval ended 1530EST on Tuesday. Average demand 9356MW, up 4.7 per cent on the previous week, up 4.5 per cent on a year ago; maximum demand 11,816MW in the 1530EST interval on Tuesday, up 6.3 per cent on the 11,118MW the previous week.

• **Victoria:** Average price \$61.05/MWh, up 19 per cent on the spike-affected \$51.37/MWh the previous week, down 61 per cent on the spike-affected \$158.15/MWh of the comparable week last year; maximum price \$511.00/MWh for the 30-minute trading interval ended 1530EST Tuesday. Average demand 6586MW, up 2.3 per cent on the previous week, up 10.7 per cent on a year ago; maximum demand 8713MW in the 1600EST Wednesday interval, down 1.1 per cent on the 8812MW the previous week.

• **South Australia:** Average price \$67.62/MWh, up 19 per cent on the spike-affected \$56.99/MWh the previous week, up 33 per cent on the spike-affected \$50.79/MWh of the comparable week last year; maximum price \$506.63/MWh for the 30-minute trading interval ended 1330EST Tuesday. Average demand 1790MW, down 3.6 per cent on the previous week, up 24.8 per cent on a year ago; maximum demand 2632MW for the 1600EST Monday interval, down 7.8 per cent on the 2854MW the previous week.

• **Queensland:** Average price \$46.16/MWh, up 39 per cent on the spike-affected \$33.21/MWh the previous week, up 58 per cent on the spike-affected \$29.21/MWh of the comparable week last year; maximum price \$260.26/MWh for the trading interval ended 1600EST Tuesday. Average demand 6049MW, down 0.9 per cent on the previous week, down 5.0 per cent on a year ago;

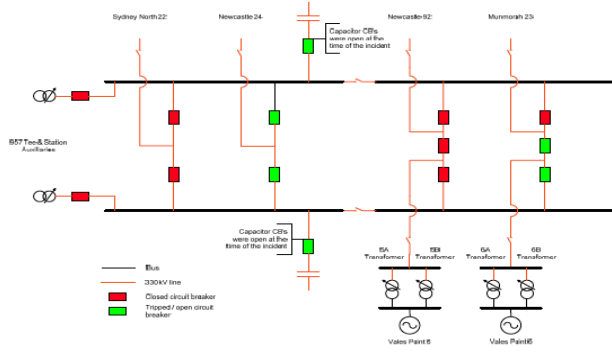


maximum demand 7272MW for the 1400EST Thursday interval, down 4.9 per cent on the 7650MW the previous week.

• **Tasmania:** Average price \$68.34/MWh, up 31 per cent on the spike-affected \$51.93/MWh the previous week, up 116 per cent on the spike-affected \$31.69/MWh of the comparable week last year; maximum price \$4332.13/MWh for the trading interval ended 1730EST on Thursday. Average demand 1107MW, up 2.1 per cent on the previous week, up 3.9 per cent on a year ago; maximum demand 1293MW in the 1700EST Thursday interval, up 3MW on the 1290MW the previous week.

Vales Point Gen fire washup

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Cause of fire: On 8 November 2006 at 09:20:19 hrs (EST), a transformer fault at Vales Point Power Station occurred that caused the unit 6 generator transformer to catch fire and also the inadvertent tripping of a 330 kV transmission line. Delta Electricity advised that the tripping sequence operated correctly. Although the time to clear the fault from the 330 kV network was slightly longer than the fault clearance time in the power station's performance standard, the fault current was well below the maximum expected for a short circuit fault, and so the longer time was acceptable. The mainland regions' system frequency fell to 49.766 Hz as measured at Sydney West Substation. The deviation in frequency was due to the Vales Point unit 6 tripping. Vales Point unit 5 did not go out of service until 09:47 hrs (EST), 24 minutes after the frequency had recovered. No load was lost during this event. NEMMCO considered the loss of a generating unit due to an electrical fault a credible contingency event. The power system remained secure, although the frequency took 336 seconds to recover to the normal frequency operating band because the frequency disturbance was insufficient to trigger delayed raise frequency control ancillary services.

NEMMCO System Operations Planning and Performance, Power System Incident Report: Vales Point Generator Transformer Fire, 8 November 2006 fc

with carbon capture and storage ... needs to compete by reducing its costs. Or, if nuclear is not allowed, it can fit into the equation," said Schaap, talking of a National Generators Forum economic model. John Boshier, Executive Director, National Generators Forum and Dr Harry Anthony Schaap, Policy Adviser, National Generators Forum told the *House of Representatives Standing Committee on Science and Innovation*, on Monday, 4 December 2006, the Forum had modeled cutting emissions by 50 per cent by 2050. They said: "To reduce emissions by, say, 50 per cent from 2010 levels ... that requires a CO2 price of about \$40 per tonne, which translates roughly to \$40 per megawatt hour. The current price of electricity is about \$40 per megawatt hour. To go down to that very deep cut in emissions would roughly double the price of electricity ... at wholesale level ... in real terms by the year 2050." The NGF used two scenarios: one with nuclear and one without nuclear.

How gas wins the day: The NGF models showed, if nuclear was not politically acceptable, gas generation was the only option, to hold emission at a 50 per cent level. Coal – if it had to pay for pollution – would pay an extra \$37 a tonne of CO2, on top of the coal generation cost.

Carbon cost of meeting the target: "If you add the carbon cost to the production cost, you get the same sort of levelised cost of production. To get to a 50 per cent reduction we estimated a carbon cost of about \$37 a tonne.

NGF see nuclear as pollution-free: That is the carbon cost, and clearly that goes onto the level of production. In that case, nuclear does not shift; it is still there at \$45 per megawatt hour; by definition, it has no carbon. What changes significantly is that conventional coal becomes economically unviable; it simply increases too much." (close to \$60).

40 per cent price rise in electricity: "In worst possible scenario – we are looking at a 40 per cent price rise in electricity ... to the consumer."

NGF suggest \$20/MWh subsidy: "If government decides, on the other hand, 'No, that is too tough; that price rise is too high; we are going to stabilise emissions at present levels,' that would require a \$20 per tonne impost, so that would only increase the price of electricity by about 10 per cent.

The NGL model logic:

- The short-run marginal cost without any carbon constraint, was about \$26.60 per megawatt hour;
- In a carbon constraint of 50pc – the cost of \$26 up to \$42, if nuclear is allowed;
- If nuclear not allowed, cost, \$60.

Reference: Commonwealth of Australia, Official Committee Hansard, House of Representatives, Standing Committee on Science and Innovation, Re: Geosequestration technology, Monday 4 December 2006, Canberra The internet address is: <http://www.aph.gov.au/hansard> to search the parliamentary database, go to: <http://www.parlinfoweb.aph.gov.au>

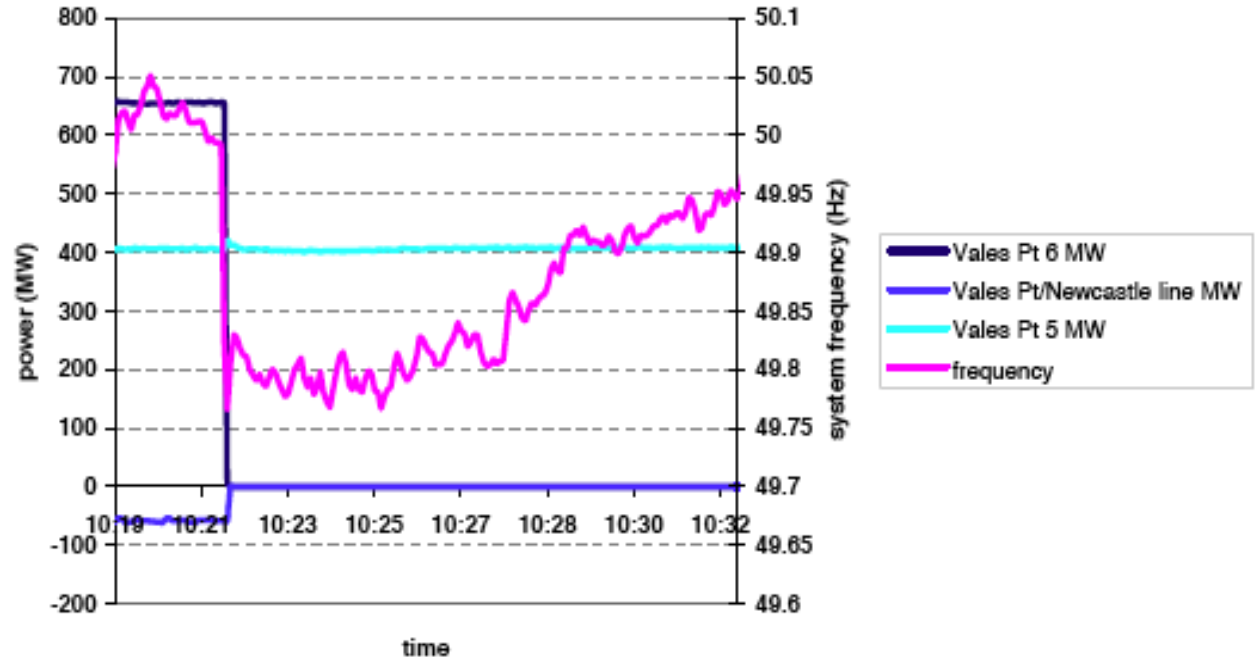
Ronnie and me: PM: “that's a great idea, Ron”

PM John Howard told the Commonwealth parliament last week: "The government is not having any secret discussions. The only contact I've had with these three very reputable businessmen is in about the middle of last year, Mr Walker in a telephone conversation I had with him ... he said that he and Hugh Morgan and Robert de Crespigny had decided to register a company that could be interested in nuclear power. "And I said that's a great idea, Ron, you know my view on it". Morgan, the former head of previous Olympic Dam uranium mine owner Western Mining, is chair of the nuclear venture and owns 20 per cent of the company

GE to sell Silex tech back to OZ?: The Silex annual report 2006 showed Silex would move to the US in 2007.

Who, me? Australian Nuclear Energy Pty Ltd, put out a short statement denying that any plans for power plants were underway. "The Australian community will ultimately decide the best way to provide sustainable energy for our country," it said. "Australian Nuclear Energy Pty Ltd is a private company established to examine potential commercial responses to future energy needs." ANE company secretary Bruce Fitzgerald said that contrary to media reports, the company had not put forward a proposal to build nuclear power plants in Australia." The company would make no further comment".

Line outage: Vales Point to Newcastle during fire



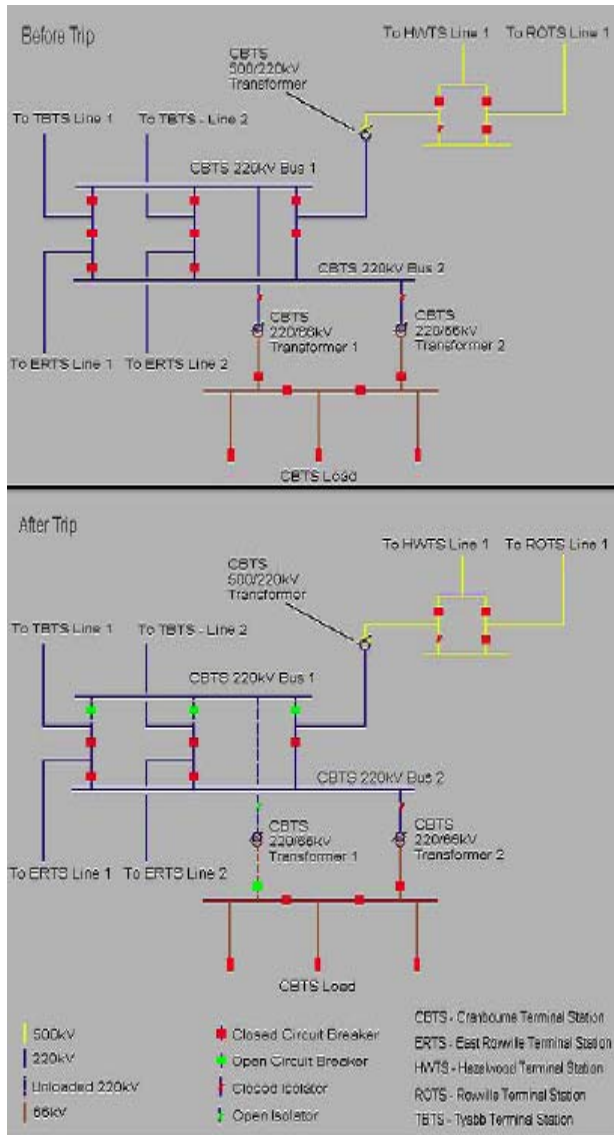
Vales Point to Newcastle (24) 330 kV Line outage:

At about the same time as the fault occurred on the Vales Point generator transformer, the Vales Point to Newcastle (24) 330 kV line unexpectedly tripped at both ends. TransGrid ascertained that this was due to an operation of the protection scheme that sends trip signals to the circuit breakers at both ends of the transmission line. It was suspected stray current due to the fault on the Vales Point generator transformer may have induced a voltage into the protection circuitry and initiated the inter-tripping sequence. The auto re-close sequence was suppressed and the line was restored to service at approximately 15:06 hrs (EST). TransGrid investigated the loss of the line and tested the

protection systems but all protection schemes performed correctly and within design parameters. The manufacturer and TransGrid advised that design modifications to the intertrip equipment would raise the input voltage required to operate the intertrip signals to reduce its sensitivity to stray currents. These modifications have been implemented and tested at both Newcastle and Vales Point Substations. No load was disrupted due to the unexpected outage of the line.

NEMMCO System Operations Planning and Performance, Power System Incident Report: Vales Point Generator Transformer Fire, 8 November 2006 fc

Power loss at Cranbourne



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LEFT: Causes of tripping and transient: At 05:22 hrs (Eastern Standard Time) on 20 November 2006, the No.1 220/66kV transformer at Cranbourne Terminal Station (CBTS) was tripped by its earth fault protection. The transformer's protection system also tripped the No.1 CBTS 220kV bus to which the transformer was connected with only an isolator. With no primary plant issues identified, the No.1 220/66kV transformer and No.1 220kV bus at CBTS were returned to service at 12:15 hrs. During the period of the outage, all 220 kV lines remained connected to the CBTS No.2 220kV Bus and all CBTS load was supplied through the No.2 220/66kV transformer. According to SP AusNet, the disturbance record of the X protection relay current transformers showed that a strong direct current transient was present at the time of tripping. The restricted earth fault protection responded to the external sum of current through the high voltage and neutral current transformers. The protection system settings were tested, by SP AusNet, after the incident and found to be correct. Though the relay settings in the protection system were found to be correct, SP AusNet believed that the current readings from the current transformers, for this transient, may not have been balanced. Unbalanced readings could have caused the protection system to trip. The cause of the transient was not known at the time of the report. This trip was coincident with the opening of a 500 kV remote operated isolator at the Rowville 500 kV switch yard, around 20 km away.

NEMMCO System Operations Planning and Performance, Power System Incident Report: Loss of Cranbourne No. 1 220kV Bus, 20 November 2006 fc

Aussie adventures in nuc-land

The ANSTO-based Silex had \$35 million in cash reserves. (US\$16 million was received from GE in October 2006 consisting of US\$15 million paid under the GE agreement upon closing, and US\$1 million in project funding backdated to March 1). The Company had reported a loss attributable to members of approximately \$10.3 million, with

the main contributions being the Silex operating loss (-\$4.2M), the share of Fiberbyte's operating loss (-\$0.7M), the share of Translucent's operating loss (-\$5.0M), and amortisation charges in Fiberbyte (\$0.4M).

Off to the USA: GE and Silex were conducting a recruitment program in the US to build a US-based project team.

The chair: Barry Patterson: A major shareholder in Silex through his interest in Polly Pty Ltd., and also a Non-executive director of Sonic Healthcare Limited since 1993. Translucent has a contract with the US Defence Department – Defence Advanced Projects Agency (DARPA) Program. -Commercial Ready grants of \$400,329 (2005: \$90,200) were recognised as other income by the Group during the financial year. The grant was received by Fiberbyte Pty Ltd.

Silex subsidiary: Translucent Inc filed a Patent application for an Thermoelectric Power Technology, a materials-based innovation, for large-scale solar energy specialists were being recruited from within GE and externally. The Silex uranium team and existing facilities in Sydney would move to the US in the first half of 2007. The Translucent silicon photonics project is part of the Electronics and Photonics Integrated Circuits (EPIC) Program funded by the US Defense Advanced Research Project Agency (DARPA). Under the DARPA Contract which commenced in January 2005, Translucent is funded to develop proprietary silicon-based optical gain materials and devices. If successfully developed,

Translucents thermoelectric materials could be commercially deployed in many different formats, utilizing waste heat from sources such as car exhausts and coal or gas fired power plants to increase energy efficiency and total power output, or alternatively, utilizing dedicated heat sources such as nuclear plants and geothermal sources to generate electrical power efficiently without any moving parts and without any greenhouse gas emissions.

Nuclear power at \$A40-65/MWh overlaps higher end of Combined Cycle Gas Turbine, but lower than CO₂ dumps and renewables

Reviewing cost estimates from various studies showed how costs in baseload investment varied according to perceptions of risk (and therefore the cost of capital) and whether the plant was a first-of-a-kind (FOAK) or a settled down build.

Nuclear between \$40-65: For settled down costs and moderate commercial risk akin to other baseload investment, nuclear power could fall within the cost range of \$A40–65/MWh.

Beats CCGT, CCS and renewables: This cost range would still be uneconomic compared to Australia's cheap coal generation, but overlapped with the higher end of Combined

Cycle Gas Turbine (CCGT) electricity and would likely be lower on average than Carbon Capture and Storage (CCS) cost estimates and renewables.

Comparable to coal prices: Nuclear power could become economic even with conventional coal-based electricity at low to moderate prices for carbon emissions – at approximately A\$15-40/t CO₂-e.

Carbon modelled at \$15-40 CO₂-e: While there was considerable debate about what an appropriate price of carbon should be, a range of A\$15–40 CO₂-e was at the low to moderate end of the range commonly used in economic modelling of policy options.

High carbon price prerequisite: It should be noted that if investors perceive high financial risk or if FOAK plants were planned, higher carbon prices or other policies would be required before investment in nuclear power would occur.

Considerable investment required: Beyond the costs of production, other features of nuclear power may make it relatively unattractive for Australian investors. Nuclear power would be most economic if a fleet of several plants was built. Yet a single 1000–1600 MW plant would be a sizeable investment for existing private generating companies in the Australian market (although it would not be a large investment in the context of Australian financial markets).

Market inclined to flexible technologies: Private generators in liberalised markets had

typically shown a preference for faster lead times and more flexible technologies.

Report location: The full report, including supporting references is titled “Uranium Mining, Processing and Nuclear Energy – Opportunities for Australia?” and can be found at <http://www.pmc.gov.au/umpner/reports.cfm>

Reference: AETF review, Australasian Emissions Trading Forum, January/February 2007, P. 1-7.

Website: <http://www.aetf.net.au>. This document is available at http://www.aetf.emcc.net.au/pdf_reviews/ReviewJanFeb2007.pdf

Blame gen bids: TransGrid says uprating Murray, Lower Tumut, Upper Tumut lines won't change constraints

Kevin Murray, Managing Director of Transgrid, in a letter to John Tamblyn – Chair of the Australian Energy Market Commission, said minor change to line would not increase energy flows. He said only very large upgrades would work, and as the area was National Park, large upgrades were probably not practical. He said it was bidding tactics by generators caused the current constraints on flows. He said parts of the overall transmission system between NSW and Victoria were subjected to binding constraints mainly dependent upon variations with generation dispatch outcomes.

Twiddling the grid won't help: "Upgrading the lines linking Murray, Lower Tumut and Upper Tumut may not substantially change the occurrence of binding constraints in other parts of the NSW to Victoria link.

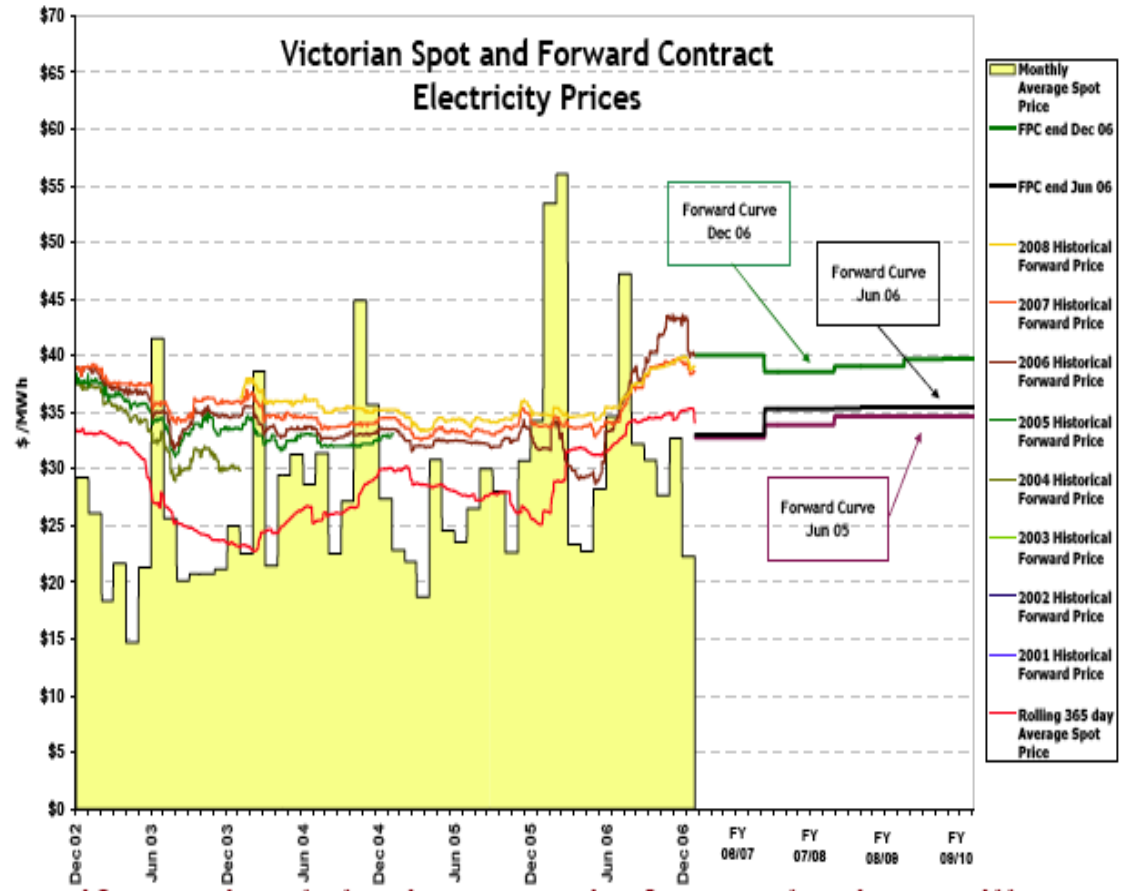
TransGrid makes new survey: TransGrid had completed a detailed Aerial Laser Survey (ALS) of Murray, Lower Tumut and Upper Tumut lines. "An assessment of the extent of remedial works needed, when the works will be undertaken and the duration of the outages required for that work will be completed within about three months".

But no change in flow, expected: Initial assessments of the ALS results confirmed that this remedial work was unlikely to result in any material increase in the capability of these lines. Any substantial increase of this capability would require a major reconstruction of these lines that were of course almost wholly within the Kosciusko National Park. That work would be subject to passing the "Regulatory Test" and extensive Environmental Approval processes.

Optical fibre ground wire upgrade planned: In conjunction with remedial work on these lines it was planned to retrofit optical fibre ground wire (OPGW) communications links to the Lower Tumut to Upper Tumut No 64 line and the Upper Tumut to Murray No 65 line to improve the reliability of shared communications services in the area.

Snowy-Sydney analysis: TransGrid was also continuing to assess key 330kV lines between

Origin says contract price rise may lead to new gen



the Snowy area and Sydney with the aim to achieve the maximum ratings possible on these existing lines. These include lines between Snowy and Yass/Canberra and between Marulan and Wollongong area.

Origin Report for the six months ended 31 December 2006 Management Discussion and Analysis www.originenergy.com.au

Agrees with NEMMCO on “estimated limit equations”: “Revised System Limits” by TransGrid to enable NEMMCO to prepare constraint, loss factor and loss equations. “... this is not a simple task. I consider this timetable to be tight but not unachievable. I agree with NEMMCO's assessment that some transitional arrangements may be practicable by initially substituting “estimated limit equations” for an interim period. However as NEMMCO point out, that may require larger safety margins and more regular operational intervention”.

Reference: Peter McIntyre on telephone (02) 92843555 More at Chapter 7 of TransGrid's 2006 Annual Planning Report (APR) (particularly Sections 7.3.12 and 7.3.13) Fax: (02) 0294 3156 Ph: (02) 0294 3000 <http://www.transgrid.com.au> <http://www.aemc.gov.au/electricity.php?r=20051214.200700>

Meter-reading gains, of \$A200 to nearly \$A700 meter; but to whom? Ministers' think-piece questions high-end claims

A Ministerial Council on EnergySmart Meters Information Paper, on the development of an implementation plan for the roll-out of smart meters, reported on a review of cost-benefits. The studies included an estimation of meter reading cost savings and some demand side response (DSR) benefits, though the magnitude of these benefits varied considerably.

utility-sponsored work took the form of submissions for an increased revenue requirement to cover the “shortfall” between narrowly defined commercial benefits and high-end estimates of costs to the utility. Recognition of other benefits also varied considerably amongst the studies. The net present benefit (NPB) ranged from just over \$A200 to nearly \$A700 / meter, with the higher figure being largely due to the inclusion of a greater range of benefits rather than to high estimation of commonly-recognised benefits.

Deliberate obscurity reported: Some studies, conducted by regulators encountered some difficulty in obtaining information. The net present cost (NPC) of universal deployment was less than the NPB in five of the seven studies. The NPC of deployment ranges from around just over \$A200 to just under \$A400 / meter for six of the seven studies. Most studies limited the scope of costs and benefits considered. For example, some reports stated that their objective was only to demonstrate a positive NPV, and focus on identifying only sufficient quantifiable costs and benefits for this purpose.

Indicative Policy Implications: The role of advanced metering infrastructure (AMI) should be considered in conjunction with other Demand Side Response (DSR) measures and the policy and regulatory steps needed to achieve overall DSR objectives. This would have implications, not only for deployment but also the functionality required and its inclusion with or facilitation by the AMI system.

Roll-out implications: An advanced metering infrastructure (AMI) roll-out would provide a platform for a wide range of electricity market benefits to be realised:

- improved generation and network utilisation (due to DSR);
- network capital and operating cost reductions due to improved network usage information;
- reduced retailer risk and improved customer service capability. This would have policy implications for the scale of the roll-out (universal or targeted) and for the required minimum functionality of AMI.

Market efficiency objectives: An AMI roll-out provided only a platform. Achievement of the potential benefits would require a wide range of actions by a number of parties, based on that platform. There were significant regulatory and policy implications of these, including:

- ensuring that the detailed metering information was available to all the parties that could benefit from it on reasonable terms;
- For governments and regulators, to ensure that individual parties have appropriate incentives to invest to realise the benefits of AMI, given the disaggregated supply chain in Australia and economic regulation of some parts of that supply chain.

Sustainability objectives: The consultant noted a focus in recent studies on energy conservation and greenhouse implications. To the extent that climate change and overall resource conservation were policy objectives, then AMI deployment should also take into consideration its capacity to help reduce water and gas usage.

Reference: Smart Meters Information Paper, on the development of an implementation plan for the roll-out of smart meters, Ministerial Council on Energy, Ministerial Council on Energy January 2007, P. 7-8. This information paper is available at <http://www.mce.gov.au/assets/documents/mceinternet/SmartMetersInfoPaper20070123163300%2Epdf>

Smart Meter definitions: two-way comms; price-based response; load control

A paper on the development of an implementation plan for the roll-out of smart meters, Ministerial Council on Energy, said smart meter was an electricity meter that could:

- measure and recording consumption in short intervals, in line with wholesale market settlement periods (half-hourly in the NEM);
- was capable of two-way communication to the meter, so would provide timely access to consumption data and allowing utilities to remotely control other features;

- could facilitate participation by electricity consumers, suppliers and service providers in time-varying pricing or price-based demand response programs; and
- might provide other functions that help provide better electricity service, link to in-home displays, or support direct load control programs.

Remote load control – devices: (Such as airconditioners and pool pumps) could be turned on or off by the meter, either according to a remotely-settable time schedule or following a remote request through the communications network.

- Export metering – the ability to measure electricity flowing out of customers' premises, supporting tariffs for distributed and embedded generation (such as cogeneration or solar).
- Remote connect/disconnect – the ability for the electricity supply to be cut off and restored remotely. Combined with remote special reading this would allow for cases where there was a change of occupancy and there was a gap between the departure of the old occupant and the arrival of the new occupant.
- Outage detection – to allow utilities to monitor the status of each meter - for example allowing utilities to test whether supply had been restored to each house before a truck left after a repair.

- Meter tamper detection – to monitor whether the meter was accessed without authorisation, helping protect the physical meter asset and helping manage non-technical losses.
- Remote time synchronisation – to keep the meter's internal clock accurate without requiring a site visit to check and adjust.
- Quality of supply measurement and recording – to detect and record events such as outages, voltage spikes and voltage drops at each house or business.

Reference: The development of an implementation plan for the roll-out of smart meters, Ministerial Council on Energy January 2007, P.4-5. This information paper is available at <http://www.mce.gov.au/assets/documents/mceinternet/SmartMetersInfoPaper20070123163300%2Epdf>

Snowy should not cherry pick pricing says Westpac

According to Dave Waterworth, Manager of market analytics at Westpac Energy, in a letter to Dr John Tamblyn, Chair of the Australian Energy Market Commission said that Snowy Hydro should not be allowed to cherry pick locational pricing when it suited them (i.e.

- full locational pricing at the Tumut node for north transfer due to the CSP scheme;
- partial nodal pricing for Tumut in the Southern direction due to the CSC scheme; and

- or avoid a location price at the Murray node despite the fact that it was the regional reference node).

Reference: Dave Waterworth, Manager of market analytics at Westpac Energy (02) 8254 9130.

Website: <http://www.aemc.gov.au/electricity.php?r=20051214.200700>

Ministers' project group to oversee and drive national smart meter roll-out

The Ministerial Council on Energy project group would oversee and drive national smart meter roll-out. Its roles would include:

- identifying multilateral and jurisdiction-specific high-level actions that were required in the overall project, and
- a timeframe that would ensure that jurisdictional plans could be collated effectively.

These deliverables would be endorsed by MCE:

- industry, consumer, vendor, regulator and government consultation and working groups;
- framework for undertaking the benefit-cost analysis, including clear terms of reference;

- interim policy for new and replacement meters now being installed to minimise risks of stranding; and
- national benefit-cost analysis, including options for functionality.

The analysis would be undertaken with inputs from jurisdictions and others as required:

- consider results of benefit-cost analysis;
- convene an industry policy specification group to define options for specifications for the smart meter roll-out, including common technical standards;
- coordinate field trials of different vendors' technologies, including meters, communications equipment, IT systems and any other supporting infrastructure;
- update specifications based on the results of field trials;
- create and put in place the necessary legislative and regulatory frameworks including any social and adjustment issues; and
- commence roll-out of new technology.

Reference: Development of an implementation plan for the roll-out of smart meters, Ministerial Council on Energy January 2007, P.5-6. Website: <http://www.mce.gov.au/assets/documents/mceinternet/SmartMetersInfoPaper20070123163300%2Epdf>

CO₂-lobby plan: 1,000MW power station with a CO₂ dump, every two years with a CO₂-dump levy

Dr Peter Cook, chief executive officer of the Cooperative Research Centre for Greenhouse Gas Technologies addressed the issue of how the deployment of carbon dumps would affect electricity costs, while speaking to the House of Representatives Standing Committee on Science and Innovation: Geosequestration technology on 12 February 2007.

Extra 50 pc on generator cost: "It is quite difficult to get a straight answer on this because you have all the circumstances, the 'what ifs' and so on," Cook said. "But one way of looking at this is to say that, if it is \$20 a tonne for CO₂ avoided, that means it is a cost of around an extra 50 per cent on the cost of electricity at the generator".

"Significant cost" across the board: "That comes down to about 15 per cent at the domestic customer because you are using the same infrastructure for the most part. That is why you get this difference. It is still a significant cost and we are talking right across the board. There may be other ways of looking at that".

Progressive change option: "One of the things we have looked at is, instead of imagining this as right across the board,

imagining we do this in a progressive sort of way. With one of the models we have we decided to say, 'Let's every two years bring in a 1,000-megawatt power station and just spread the cost of that right across the power industry.' Basically what that does is take the cost of electricity over about 20 years from about 7c up to about 0.8c a kilowatt hour. That is the rise in cost over that period".

First movers to face failure without subsidies: "This is not to say that gives you enough; what it is saying is that is one option for you to start to spread that cost. Why do you need to do that? The big problem we face is that the first mover in this area, if he or she brings on clean electricity with full CCS attached to it and so on, is going to go broke in no time at all if the costs are not in some way supported by government, if the costs are not spread across the network or if some other steps are not taken".

Concerns stalling reform: "I think we have to recognise that is certainly an issue that has to be addressed. That is one reason why people ask why it is taking a long time to bring this on. That is part of the reason – because no company wants to go broke. That is part of the reason why they are not doing it at the present time".

Carbon tax? Committee member Dr Jensen asked: "Are you saying that what you are recommending is that effectively companies get charged a tax or whatever to the equivalent of \$70 or \$80 per megawatt hour?" Cook responded: "I am not recommending

that. What I am doing is looking at scenarios and looking at options. One of the options would be to say a stand-alone CCS that bears all the costs, and where its group of customers has to bear all the costs, is never going to work; it is never going to happen".

Spread out the cost: Cook added: "What we are saying with this model is that, rather than having a new 1,000 megawatt power station with CCS attached to it and then adding all the cost to that customer group and going broke in the process, we have to recognise that all the other members of the generating community have to bear some of that cost, to help this".

Reference: Proof Committee Hansard, House of Representatives, Standing Committee on Science and Innovation: Geosequestration technology: Discussion, 12 February 2007, P.7-8. This document is available on <http://parlinfoweb.aph.gov.au/piweb/Repository/Committee/Commrep/Linked/5254-1.PDF>

More futures trading with new category of NEM participant – as "Reallocators", to start 22 February, 2007

On 15 February 2007, the Commission gave notice under section 102 of the National Electricity Law of its final Rule determination, which included the Rule to be made, the National Electricity Amendment (Reallocations) Rule 2007. In making this final Rule determination, the Commission had largely adopted NEMMCO's proposal, with

some minor modifications to enhance and clarify the operation of reallocations in the NEM.

The key elements of the Rule:

- a new category of registered participant - a Reallocator;
- improving flexibility in reallocation procedures; and
- changes to prudential requirements.

The final Rule determination sets out the reasons for the Commission's decision. The Rule were to be made and commence operation on 22 February 2007.

New plan from Mac Gen: use Split Region Option to stop Snowy bidding below cost

Russell Skelton, Manager Marketing & Trading, in a letter to Dr John Tamblyn, Chair of Australian Energy Market Commission, on 21 February 2007 had presented a compromise in the Snowy-Macquarie code-change war.

Use the Split Region Option: Skelton argued:

- the Split Region Option captured the intent of the Macquarie Generation proposal to create new Northern Victorian and South-West NSW regions;

- placed Murray and Tumut generation in separate regions; and
- established an interconnector at the points of existing intra-regional congestion within the Snowy Region.

The reason for the code changes: The Northern Victoria/South-West NSW proposal and the Split Region Option both sought to:

- minimise the incentives for Snowy Hydro to bid below cost;
- during periods of network congestion that could arise between Murray and Tumut, south of Murray and the Victorian regional reference node and north of Tumut and the New South Wales regional reference node.

Less customer load disrupted: Skelton's case was "The Split Region proposal has a number of practical advantages. The Split Region proposal minimises the volume of customer load disrupted by any change to the regional boundary structure".

Keeps Minister happy, too: "This would reduce any jurisdictional concerns with changes to wholesale pricing arrangements. The Split Region model would also require relatively limited changes to market and participant systems and settlement processes within the NEM.

Please consider: "In light of the modelling and analysis in the AEMC's draft determination, Macquarie Generation considers that it is in

interests of all parties to propose a modification to the proposed solution put forward in the Rule change proposal dated 3 February 2006. Macquarie Generation would like the AEMC to consider the proposal based on the regional boundary structure and regional reference nodes that the AEMC applied in its modelling of the Split Region Option. Macquarie Generation requests that the AEMC consider this modified proposal in the preparation of its draft determination of the Macquarie Generation proposal".

Reference: Macquarie Generation, 21 February 2007, 34 Griffiths Road, Lambton NSW 2299, PO Box 3416, Hamilton Delivery Centre, NSW 2303 Australia. Telephone: 61 2 4968 7499. Facsimile: 61 2 4968 7433. <http://www.macgen.com.au>

Embedded generators essentially intermittent negative load

Michael Zammit, Managing Director Energy Response argued to the Australian Energy Market Commission (AEMC) that embedded generators were essentially intermittent negative load, in the same way as supplies from the distribution network for generator auxiliaries were treated as negative generation.

Code rules aid the big firms not the small: Zammit said "The current NEMMCO rule change proposal is symptomatic of the

National Electricity Rules in general, drafted around the responsibilities and needs of:

- traditional service providers;
- large remote generators;
- suppliers of traditional network services;
- retailers, and
- traditional providers of ancillary services.

Time for new ways to do things: "There are countless ways in which the financial arrangements for the commercial separation of retail energy purchasing and demand side response could be structured, some involving a single master meter on the installation while the others may involve sub-metering arrangements as well. In any event, a more flexible reallocation facility would not only be a simpler option to administer than an off-market settlements arrangement but it also virtually eliminates the collection risk which would otherwise be involved in the transaction".

Reference: Energy Response Pty Ltd, Proposed Rule Change: Reallocations, 11 August 2006, P. 2-3. **Contacts:** Michael Zammit, Managing Director, Level 1, 250 Queen Street, Melbourne VIC 3000, website: <http://www.energyresponse.com> This document is available at <http://www.aemc.gov.au/pdfs/reviews/Reallocations/submissions1/002Energy%20Response%20Pty%20Ltd.pdf>

Electrical failure in Vales Point 6A cause of explosion

On 8 November 2006 at 09:20:19 hrs (EST), a transformer fault at Vales Point Power Station occurred that caused the unit 6 generator transformer to catch fire and also the inadvertent tripping of a 330kV transmission line. A report was prepared, largely based upon information provided by Delta Electricity and TransGrid. Vales Point Power Station was required under clause 4.8.15 of the Rules to assess the adequacy of the provision and response of facilities and services and the appropriateness of actions taken to restore or maintain power system security.

Electrical failure causes transformer to explode: The event was initiated by an electrical failure in Vales Point 6A generator transformer. This failure caused the transformer to catch fire and explode. The transformer differential and Buchholz protection operated but the fault caused significant damage to the transformer.

What caused the explosions? The report enumerated the sequence of events leading to the explosions as:

- the initial earth fault on the 330kV winding of the Vales Point generator transformer;
- the generator transformer differential protection relays operated;

- the 330kV generator bus coupler and generator bus circuit breakers tripped;
- the transformer Buchholz relay and tap changer Buchholz relay operated;
- the transformer pressure relief valves operated;
- at some point during the above events the transformer experienced the initial explosion;
- the generator protection and turbine protection operated and the generator field circuit breaker tripped; and
- after three and a half minutes a second explosion occurred.

Delta says system operated correctly: Delta Electricity had advised that the tripping sequence operated correctly. Although the time to clear the fault from the 330kV network was slightly longer than the fault clearance time in the power station's performance standard, the fault current was well below the maximum expected for a short circuit fault, and so the longer time was acceptable.

Immediate action: Immediate steps were taken to ensure that the incident did not pose a threat to human or environmental safety:

- Staff were evacuated from the power station and emergency services alerted to the fire.
- Vales Point unit 5 was taken out of service to reduce environmental risk and to

ensure power station and emergency services staff safety.

- Once the threat from the fire was removed, Vales Point unit 5 was returned to service.

Security systems re-assessed: After the loss of Vales Point unit 5 and unit 6 due to the fire, the New South Wales region generation reserve situation was re-calculated and assessed to be adequate. The mainland regions' system frequency fell to 49.766 Hz as measured at Sydney West Substation. The deviation in frequency was due to the Vales Point unit 6 tripping. Vales Point unit 5 did not go out of service until 09:47 hrs (EST), 24 minutes after the frequency had recovered. No load was lost during this event.

A credible contingency event: NEMMCO attributed the loss of generating unit due to an electrical fault a credible contingency event. The power system remained secure although the frequency took 336 seconds to recover to the normal frequency operating band because the frequency disturbance was insufficient to trigger delayed raise frequency control ancillary services.

Another fault, this time on Vales Point-Newcastle line: At about the same time as the fault occurred on the Vales Point generator transformer, the Vales Point to Newcastle (24) 330kV line unexpectedly tripped at both ends. TransGrid had ascertained that this was due to an operation of the protection scheme that sends trip signals to the circuit breakers at both ends of the transmission line.

This time stray current is culprit: It was suspected stray current due to the fault on the Vales Point generator transformer may have induced a voltage into the protection circuitry and initiated the inter-tripping sequence. The auto re-close sequence was suppressed and the line was restored to service at approximately 15:06 hrs (EST). TransGrid investigated the loss of the line and tested the protection systems but all protection schemes performed correctly and within design parameters.

Manufacturers promise design changes: The manufacturer and TransGrid advised that design modifications to the intertrip equipment would raise the input voltage required to operate the intertrip signals to reduce its sensitivity to stray currents. These modifications had been implemented and tested at both Newcastle and Vales Point Substations. No load was disrupted due to the unexpected outage of the line.

Reference: National Electricity Market Management Company Limited, Power System Incident Report: Vales Point Generator Transformer Fire 8 November 2006, 21 February 2007, P. 1-4. Prepared by: System Operations Planning and Performance, Version No: 1.0. This report is available on <http://www.nemmco.com.au/marketandsystemevents/232-0047.pdf>

Dispatch price of \$7459/MWh in Qld on record demand day

The five-minute dispatch price at 1305EST on Monday, 29 January rose to \$7459/MWh leading to a spot price for the 30-minute trading interval ended 1330EST of \$1332.40/MWh, the Australian Energy Regulator (AER) showed in its market analysis for the week.

4 intervals with price three times higher than average: The AER said this was one of four trading intervals that day when the spot price was greater than three times the weekly average price of \$64/MWh.

Brisbane temperatures exceed 35 degrees: It said conditions at the time saw demand as much as 240MW higher than forecast 12 hours ahead. Demand set a Queensland record of 8386MW with the temperature in Brisbane above 35 degrees.

Capacity 480MW below capacity: Available capacity was around 480MW below forecast four hours ahead, with prices generally close to those forecast four hours ahead. The contributing factors to the \$7459/MWh dispatch price at 1305EST were a combination of a 60MW increase in demand, a 30MW reduction in import capability and only 65MW of capacity priced between \$290/MWh and \$4000/MWh.

Flows from NSW close to limit: Flows from NSW into Queensland were close to the limit of between 300MW and 400MW for most of the afternoon.

Late return of generator: At 0739EST, CS Energy committed 350MW at Callide B, effective from around 1200EST. Delays in the return to service of the unit saw it start generating from 1400EST, effectively removing as much as 325MW of capacity priced below \$20/MWh.

Origin shifts capacity: At 0740EST, Origin Energy shifted 288MW of capacity at Mt Stuart from prices above \$9000/MWh to below \$280/MWh. At the same time, another 64MW of capacity was shifted from above \$9000/MWh to below zero at Roma. The rebid reason given was "Est change in PDS".

Reasons for Tarong rebids: Over two rebids at 1307EST and 1322EST, Tarong Energy shifted 290 MW of capacity at Wivenhoe from prices above \$7000/MWh to below \$300/MWh, committing a unit. The rebid reasons given were "Portfolio rearrangement: volume profile change" and "Cover contract position: volume profile change".

No other significant rebidding: There was no other significant rebidding.

Reference: Market analysis for week Sunday, 28 January to Saturday, 3 February, 2007 Australian Energy Regulator (AER). 20 February 2007. Address: Level 11, The Tower, 360 Elizabeth Street, Melbourne Central. Melbourne. Vic. 3000. GPO Box 520, Melbourne. Vic. 3001. Phone: (03) 9290 1444. Fax: (03) 9290 1457. <http://www.aer.gov.au>

Demand 1300MW more than forecast when NSW spot price hit \$154.98/MWh, Tues 30 Jan

The NSW spot price, used to represent a pseudo national price when spot prices were nationally aligned, at \$154.98/MWh in the 1330EST interval on Tuesday, 30 January was greater than three times the NSW weekly average price of \$43/MWh, the Australian Energy Regulator (AER) showed in its market analysis for the week.

Available capacity at 37,629MW: The analysis said that conditions at the time saw national demand of 30,638MW being 1300MW more than forecast four hours earlier. Available capacity was shown as 37,629MW.

Limit on flows north from Victoria: Prices were generally aligned across the mainland with flows north from Victoria limited to between 200MW and 300MW. Flows from Snowy to NSW reached almost 3300MW later in the afternoon.

CS Energy shifts 125MW of capacity: The analysis said that from 0742EST, CS Energy shifted as much as 125MW of capacity from prices of less than \$100/MWh to prices above \$9000/MWh. The rebid reasons given were "Swan B and E plant constraints", "Callide B1 Plant constraints" and "Swan E ambient conditions". These rebids were effective until 1830EST.

Delta cuts available capacity by 270MW: From 0749EST, Delta Electricity reduced the

availability across Munmorah and Vales Point by a total of 270MW as a result of plant problems. All this capacity was priced at less than \$20/MWh. The rebid reasons given were "Salt leak: Avail limit", "Air heater: capacity limit change" and "Governor: avail limit".

AGL shifts 290MW of capacity: At 0851EST, AGL Hydro shifted 290MW of capacity across its portfolio from prices above \$9000/MWh to prices of zero. This included 150MW of capacity at Hallett in South Australia and 142MW at Somerton in Victoria. The rebid reasons given were "Plant limitations:change to outage schedule", "Plant limitations:changed MW availability and "Capacity adj ambient temp:changed MW availability".

380MW capacity moved by Origin Energy: From 0858EST, Origin Energy shifted 380MW of capacity from prices above \$9000/MWh to prices of less than \$115/MWh at Mt Stuart and Roma in Queensland and Quarantine and Ladbrooke Grove in South Australia. The rebid reason given was "Est change in PDS".

Macquarie Generation's 480MW shift of capacity: At 1222EST, Macquarie Generation shifted 480MW of capacity across its portfolio from prices below \$15/MWh to above \$185/MWh. The rebid reason given was "Demand higher than originally anticipated". This rebid was effective until 1700EST.

Reference: Market analysis for week Sunday, 28 January to Saturday, 3 February. 2007 Australian Energy Regulator (AER). 20 February 2007. Address: Level 11, The Tower, 360 Elizabeth Street, Melbourne Central. Melbourne. Vic. 3000. GPO Box 520,

Melbourne. Vic. 3001. Phone: (03) 9290 1444. Fax: (03) 9290 1457. <http://www.aer.gov.au>

Coal pollution: Australia's unfortunate challenge says generator lobby: "we just buy and sell as best we can to stay afloat financially"

Our members operate in a market. We just buy and sell as best we can to stay afloat financially in the market," the generators lobby group told the House of Representatives Standing Committee on Science and Innovation on Monday, 4 December 2006; "it is not a question for the Generators Forum about whether or not there could be shortages, said John Boshier, Executive Director, National Generators Forum and Dr Harry Anthony Schaap, Policy Adviser, National Generators Forum.

New generation all gas fired: Boshier said the next large-scale power station approved in Australia would be gas fired, at a price not less than \$50 a megawatt hour. When asked "How long can you hold off on baseload power supply before you have to decide on investing in new plant? Dr Schaap replied "The industry can hold out forever. It depends on whether governments will get nervous or not". The Chair said: "They do not care. You are making cheap energy with lots of emissions". Dr Schaap replied: "Unfortunately, that is not

being flippant. That is the unfortunate challenge in this industry".

Additional baseload - who takes the risk?

Schaap said if "state governments underwrote an ultimate price, you would build it tomorrow. If they did not underwrite an ultimate price, you would never build it". Boshier said the risk of electricity shortage was "not a question for the National Generators Forum. The Generators Forum cannot answer these questions. This is a question which can properly be addressed in NEMMCO, the National Electricity Market Management Company. Their book, the Statement of Opportunities 2006, goes into great detail on exactly what you are talking about. Their view is that the market should be making a decision on new baseload plant in about four years time. That is the NEMMCO view, based on the regulatory recommendations from the various state regulatory bodies".

Reference: Commonwealth of Australia, Official Committee Hansard, House of Representatives, Standing Committee on Science and Innovation, Re: Geosequestration technology, Monday 4 December 2006, Canberra. The internet address is: <http://www.aph.gov.au/hansard> to search the parliamentary database, go to: <http://www.parlinfoweb.aph.gov.au>

National Generators Forum says coal subsidies must stay: Question is how to wriggle them in and still get CO2 credits

The National Generators Forum told the House of Representatives Standing Committee on Science and Innovation on Monday, 4 December 2006 they knew in advance of the Federal plan for emissions trading credits for CO2 dumps, and said the key factor in the AP6 game-plan was to retain coal exports to sustain the Australian economy.

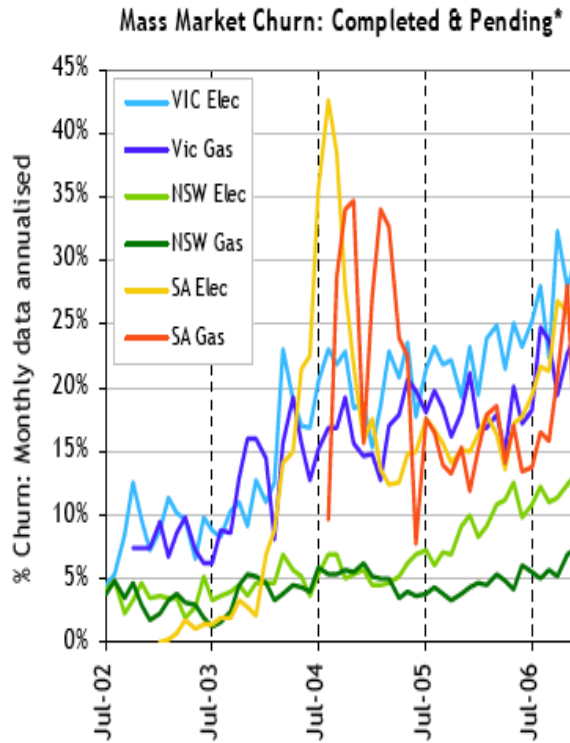
Federal plans for emissions trading: The second witness from the lobby group, John Boshier, Executive Director, National Generators Forum said: "The state governments [are considering] ... proposals for national emissions trading, and the Commonwealth is looking at exactly that too in the proposals that the Prime Minister is considering."

Generators in the CO2 dump loop: Boshier said: "if we are to lower world emissions – and it looks as if that is becoming more and more important – then exporting that technology [CO2 dumps], licensing it here and exporting it, is really important. Of course, some of the technology is actually geological knowledge and so it is not easy to export that, but we do have highly qualified geological engineers here who would consult and do that kind of work".

Harry Schaap, policy advisor to the lobby group supported Boshier: "... coal is worth more than \$25 billion a year in our export earnings, so it is extremely critical for our economy. Therefore, any value-adding we can do to coal, including advancing capture and storage, would be of enormous benefit to us, and that needs to be pursued quite rigorously".

Links to other coal lobby groups: "This technology, particularly the combustion technology, will largely be sourced from overseas ... but with ... respect to carbon storage, in many ways we could lead the world. In fact, I think the CO2CRC and other CRCs related to coal and other fossil fuels are doing an excellent job in advancing that very well. As you know, as part of AP6 we have been asked to lead the world on the regulatory regime with respect to carbon capture and storage, and I think that is quite significant."

Reference: Commonwealth of Australia, Official Committee Hansard, House of Representatives, Standing Committee on Science and Innovation, Re: Geosequestration technology, Monday 4 December 2006, <http://www.parlinfoweb.aph.gov.au>



Victoria switching rate in 2005-06, 22 per cent as Country Energy, EnergyAustralia and Momentum enter market

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More consumer energy costs savings were possible for Victorian consumers, reported the “Energy Retail Businesses: Comparative Performance Report for the 2005-06 Financial Year,

November 2006”, by the Essential Services Commission. While it did not include dual fuel contracts – “where even greater savings appear to be available” – it showed opportunities for energy consumers to make savings on standing contract prices, while also taking advantage of a range of other incentives. The report – which examined changes in average bills in 2005-06 showed, for average annual consumption levels:

- Households consuming 6,500kWh electricity on Tariff GD/GR +Y8 experienced a real decrease in their bills of approximately 3.6 per cent compared to 1994-95, and remained steady in 2005-06 compared to 2004-05;
- a small business consuming 40,000kWh on Tariff D had bills 19 per cent less than the average bill in 1994-95 and a 2.1 per cent decrease between 2004-05 and 2005-06;
- bills for dairy farm customers consuming 50,000kWh on Tariff D increased between 1994- 95 and 2004-05, but decreased by 3.4 per cent in 2005-06; and
- For a household consuming 60GJ gas on Tariff 03 bills decreased from 2004-05 by 0.2 per cent, while small businesses consuming 500GJ experienced a reduction of 1.0 per cent.

Competitive Market: In 2005-06 in the Victorian energy retail market:

- 505,636 electricity and 305,352 gas customers switched retailers;
- the monthly average number of transfers was higher than in previous years – 42,136 for electricity (almost double that of 2003-04) and 25,446 for gas.

Switching rate in 2005-06, 22 per cent: The annual gross switching rate in 2005-06 equated to 22 per cent (electricity) and 19 per cent (gas).

The reasons why: To understand further the reasons for this high level of competitive activity, the Commission undertook independent research into electricity customer market contracts, comparing the tariffs against the standing contract tariffs and assessing the overall monetary value of the contract. In summary, it was found that:

- domestic customers, with an annual consumption of 4,000kWh peak and 2,500kWh off-peak electricity, would pay less than the AGLV and standing contract price if the contracts were based solely on tariffs. The market contract prices offered in comparison to the OriginPC and TRUenergy standing contract price were more diverse;
- benefits of market contracts increased when other monetary value was taken into account, for example, discounts for payment on time, up-front incentives and loyalty payments. These benefits ranged from \$50-\$100 per annum.

- small business or commercial customers could receive much higher savings in the AGLV area, ranging \$600 and \$800 per annum. Savings in the TRUenergy area were not as substantial.

Estimated billing: Affordability of energy supply was also influenced by accurate and reliable billing. Therefore the Commission had commenced monitoring and reporting on estimated billing, other than estimated billing agreed with customers. Approximately 15 per cent of electricity customers received an estimated bill in 2005-06. The local retailers were relatively consistent around 10 per cent, with three newer entrants contributing to the higher industry average – Country Energy, EnergyAustralia and Momentum.

Estimated bills increase: Retailers cited distributors not being able to access properties to read the meters as a common reason for the need to send customers estimated bills. The Commission was advised that many retailers and distributors were working together to address this issue and to reach solutions which may have positive impacts for customers. The outcomes of this work would continue to be monitored by the Commission.

Reference: “Energy Retail Businesses: Comparative Performance Report for the 2005-06 Financial Year, November 2006”. **Contact:** Essential Services Commission, Level 2, 35 Spring St, Melbourne 3000, Australia, ph: +61 3 9651 0222, Fax: +61 3 9651 3688, website: <http://www.esc.vic.gov.au> Erisk Net, 17/1/ 2007

Tas treasury secretary Don Challen retires from Hydro board; ‘conflict of interest’

Treasury secretary Don Challen would retire from the board of Hydro Tasmania after 14 years as a director, *The Mercury* (24/2/07, p.13) reported.

Liberals questioned conflict: The resignation came nearly a year after Liberal Brett Whiteley probed Mr Challen about how he avoided potential conflicts of interest due to the number of board positions he held. Mr Challen was a Hydro director and the chairman of the Tasmanian Public Finance Corporation (Tascorp) at the time. He said it was similar to the senior officer of a holding company being on the board of a subsidiary.

Challen denies problem: "There is no inherent conflict in the roles because what I am doing is looking after the ultimate shareholders' interests every moment of every day that I am exercising any of the three roles," Mr Challen said. He said he left the room if any issue of direct relationship between two bodies arose.

Hydro wanted equity: During Mr Challen's period on the Hydro board, the Treasurer sought and received a special annual dividend of \$40 million from the Hydro. Last year the utility sought from Treasury a \$300 million equity injection, effectively a repayment of the special dividend. However, Treasurer Michael Aird ruled out the funding.

Thursday, 22 February: Top price of \$4332.13/MWh

Tasmania recorded a top price of \$4332.13/MWh in two spikes with NSW, Victoria, South Australia, Queensland and Snowy having top prices of between \$114.37/MWh and \$181.71/MWh on Thursday, 22 February.

Wide gap between actual and forecast prices: The 7.00 a.m. predispach forecast spikes exceeding \$9000/MWh in Victoria and South Australia and between \$299.01/MWh and \$608.83/MWh for NSW, Queensland and Snowy. It did not predict any spikes for Tasmania.

Spikes in between two and nine trading intervals: Tasmania had spikes in two 30-minute trading intervals of \$2701.14/MWh in the 0930EST interval and \$4332.13/MWh in the 1730EST interval. South Australia had nine spike intervals, Victoria eight, and NSW, Queensland and Snowy seven each.

Loss of two Gordon units declared credible contingency: The major events in Tasmania were the fears of a loss of two 144MW capacity Gordon units, which was declared a credible contingency event, and a lightning threat to two Farrell-Sheffield 220kV lines for one hour 35 minutes from 1745EST to 1920EST.

Demand edges up: System-wide maximum demand crept up 59MW (0.2 per cent), with top temperatures in the mainland capitals

down four degrees in Hobart and one degree in Sydney, Melbourne and Brisbane and up three degrees in Adelaide.

Reference: National Price for NSW, Victoria, South Australia, Queensland, Snowy and Tasmania for one day, Thursday 22 February, in Price/Demand section of Erisk Net – Realtime NEM Data. <http://www.erisk.net>

Rush to hot rocks; Olympic Dam, Moomba, customers

Renewable energy company Geodynamics, which suffered a serious setback last year, was preparing to reboot its Cooper Basin project this year, while Adelaide-based Petratherm had enlisted the support of Beach Petroleum for its project, aimed (initially) at supplying power to the nearby Beverley uranium mine in South Australia's remote northeast, said *The Australian Financial Review* (21/2/07, p.17).

Federal boost: Petratherm's plans received a boost on 20 February when the federal government offered a \$5 million grant to accelerate its Paralana project. Resources Minister Ian Macfarlane said the company's innovative approach had the potential to launch a sustainable, low-cost, large-scale alternative energy industry.

New geothermal licences: Newcomers Geothermal Resources, which listed on the Australian Stock Exchange last March, and Eden Energy, which listed in June, would begin drilling this year. Other potential

participants include wind farm and hydro plant operator Pacific Hydro and private outfits Torrens Energy – believed to be eyeing an initial public offering – and Osiris Energy, all of which were granted geothermal exploration licences in South Australia last year.

Potential large: The potential for base-load electricity production was large and expansion could be rapid. The SA contenders were eyeing BHP Billiton's expected demand for up to 550 megawatts of power for its proposed \$7 billion expansion of the Olympic Dam copper-uranium-gold mine, and links to the national grid.

Supply for outback plants: The plans call for an initial 40-megawatt plant, likely to supply the Santos consortium's Moomba plant. Origin Energy has a 14.3 per cent stake and Woodside Petroleum a 10.4 per cent stake in Geodynamics. Petratherm's Paralana hot-rocks project has "significantly more stable" geology than the Cooper Basin, according to managing director Terry Kallis. Chairman Derek Carter told last week's annual meeting that Paralana was proving an "excellent thermal resource" in the quest for low-cost, large-scale, base-load renewable energy.

Swiss hot rocks drill causes earthquake tremors; criminal investigation underway

The Deep Heat Mining project to exploit geothermal energy near the northwest border city of Basel had caused tremors

measuring 3.3 on the Richter scale, reported *The Age* (19/2/2007, p.9).

15km radius: Geopower Basel, the company behind the project, was forced to stop pumping water into the hot-rock layer after several powerful earthquakes were felt up to 15 kilometres away.

Injection of pressurised water: The project involved injecting large amounts of pressurised water into five-kilometre bore-holes, where underground temperatures reached 200 degrees. The super-heated water was then returned to the surface to produce steam that drove a turbine to make electricity.

People's lives at stake: Jean Ueberschlag, the mayor of nearby Saint Louis, France, wrote to the Swiss authorities demanding a halt to the experiment. He said: "You don't have the right to play with the safety of our populations."

Possible criminal charges: Prosecutors were now investigating everyone involved in the project to determine criminal responsibility, amid allegations that project officials knew there was a risk of triggering earthquakes. The four quakes, the latest of which was two weeks ago, caused panic in Basel, Switzerland's third largest city, as people sought shelter from what appeared to be a natural disaster.

More earthquakes predicted: Houses and other property sustained minor damage but seismologists who confirmed that the quakes were caused by the project, warned the local population that stronger seismic activity could occur even though pumping had been temporarily halted.

Earthquake-prone area: Basel is one of the areas in Switzerland most prone to seismic activity. In 1356, it was almost destroyed by a quake the equivalent of 6.5 on the Richter scale.

Paralana in northern Flinders Ranges to provide “hot rocks” electricity to nearby Beverly mine from 2009

The Federal Government on 20 February, was to bolster its environmental credentials with a \$5 million grant for an innovative South Australian “hot rocks” clean energy project, reported *The Advertiser* (20/02/2007, p.4).

Project will generate 200 new jobs: The project, to be announced later on February 20 by Petratherm, could create up to 200 new jobs through the development of an electricity generation plant using energy, in the form of intense heat, trapped in subterranean sedimentary layers.

Plant likely to start operations from 2009: The federal money was the maximum grant allowable under the Renewable Energy Development Initiative. If successful, the plant, to be built at Paralana in the northern Flinders Ranges, would provide electricity to the Beverly uranium mine located 10km away, and would provide electricity directly into the national power grid via the Port Augusta power

station. It was expected it could be up and running in 2009.

Lights out for incandescents

Inefficient light bulbs would be phased out over the next three years by the federal government in another sign that it was moving to bolster its green credentials before this year’s election, reported *The Australian Financial Review* (20/2/2007, p.8).

Incandescent light bulb phase out by June 2009:

Federal Environment Minister Malcolm Turnbull was to announce that incandescent light bulbs would be phased out by June 2009 in a move that could save 800,000 tonnes of greenhouse gases annually. This was less than 1 per cent of Australia’s total emissions, but it was one of the many measures required to reduce Australia’s carbon foot-print, which is among the highest in the world. The Australian Electrical and Electronic Manufacturers’ Association (AEEMA) had welcomed the Australian Government’s decision to phase out inefficient incandescent lamps, saying that it would work closely with the government to ensure that technical standards and performance requirements were met. Compact fluorescent lamps (CFLs) scored over incandescent lamps because:

- Incandescent lamps consumed up to five times more electricity than CFLs; and
- CFLs lasted up to 15,000 hours, whereas an incandescent bulb had an operational life of around 1,000 hours.

Lighting Council Australia was currently co-operating with the Australian Government and other international standard setting organisations on a standard for CFLs. Once complete, this standard would overcome some of the technical and performance challenges associated with mandating CFL technology before the incandescent phase-out. These issues included dimming CFLs, adapting CFLs to some light fittings and determining appropriate exemptions.

Reference: Australian Electrical and Electronic Manufacturers’ Association (AEEMA), *Phasing out incandescent lamps a bright idea, says AEEMA, 21 February 2007. Contact: Mr Angus M Robinson, Chief Executive, AEEMA. Ph: (02) 6204 1300. Mobile: 0418 488 340. Email arobinson@aeema.asn.au*

NZ's Infratil announces almost fourfold increase in profits

New Zealand utilities investor Infratil announced an almost fourfold increase in profits, reported *The Australian* (20/2/2007, p.22).

Profits bulk up on asset sales, energy and buses:

The company said its net profit in the nine months to 31 December was \$NZ52.7 million (\$46.6 million), compared with \$NZ 13.3 million a year earlier. The result came from asset sales, improved returns from energy investments and a contribution from bus operations.

Transactions: Infratil said its third-quarter result was dominated by transactions and

capital developments. These included the purchase of 15 per cent of Trust Power for \$NZ286 million, the sale of 5 per cent of Port of Tauranga for \$NZ44 million and the sale of 2.5 million Infratil shares for \$NZ12.3 million.

Australian wind farm entry via Trust Power:

Trust Power has announced the building of a \$200 million wind farm in South Australia. Executive director Lloyd Morrison said he hoped the beachhead into Australia was the start of something significant across the Tasman. Trust Power's contribution to Infratil's earnings for the nine months was \$29 million.

TransGrid and Integral to increase capacity of transmission and distribution network in Sydney's Macarthur area

TransGrid, the major NSW transmission network service provider (TNSP), and Integral Energy propose to spend an estimated \$70 million (plus or minus 25 per cent) to increase the capacity of the transmission and distribution network supplying the Macarthur area in Sydney.

Least cost option: In their final report on a large new transmission network asset to handle limitations expected to emerge by 2009/10, the companies said the selected option was the least cost of the four.

What is proposed: The proposal by TransGrid and Integral Energy involves:

- TransGrid constructing a new 330/132/66kV substation in the Macarthur area to connect to the existing Kemps Creek-Avon 330kV line;
- Integral Energy replacing two existing 66kV circuits by two high capacity 132kV circuits to supply Nepean 132/66/33kV substation from Macarthur substation; and
- Integral Energy constructing new 66kV connections from Macarthur substation to Campbelltown and an additional 66kV feeder to Ambarvale.

Completion by summer 2009/10: The proposed works are expected to be completed by the summer of 2009/10.

Reference: Notification by National Electricity Market Management Company (NEMMCO) on final report of TransGrid and Integral Energy of a large new transmission network asset to develop electricity supply to the Macarthur area and southwest sector development area. 16 February 2007. NEMMCO address: Level 12, 15 William Street, Melbourne. Vic. 3000. Phone: (03) 9648 8777. Fax: (03) 9648 8778. <http://www.nemmco.com.au>

NSW ERIG paper tells explains Country Energy - B&B deal

The NSW government's confidential response to the Energy Reform Implementation Group (ERIG) recommendations, parts of which had been obtained by *The Australian Financial Review*

(20/2/2007, p.8), accused ERIG of failing to undertake a cost benefit analysis of privatisation.

States should decide on privatisation: The confidential documents argued that the issue of privatisation was not a matter for COAG but should be considered by individual states. "NSW considers that this [privatisation] is a decision for individual governments, not for COAG," the documents state. "NSW proposed and led the sale of Snowy Hydro, which was aborted by the withdrawal of the commonwealth government."

NSW seeks private electricity trading rights: This came as a NSW government-owned energy retailer was understood to want NSW Treasury to sanction the sale of its wholesale electricity trading rights to the private sector. Country Energy was believed to have wanted to enter a deal in which a private-sector company would do the trading in the volatile wholesale market but Country would retain its retailing arm, which supplied electricity to NSW, Victoria, Queensland, South Australia and the ACT.

Babcock & Brown and Country Energy in talks: Such a plan could allow the private-sector company to then exclusively provide wholesale power to Country Energy, which would effectively become a "reseller" of this power to its customers. Babcock & Brown had been in talks with Country Energy about a deal in which it would sell the output of Babcock & Brown's proposed new Uranquinty plant.

Australian Energy Regulator wants Ministers to agree on national customer service

Sebastian Roberts, General Manager of the Markets Branch of the Australian Energy Regulator (AER) in a comment on the second working paper prepared by Allens Arthur Robinson for the Retail Policy Working Group (RPWG) said its was time to separate network service performance standards and customer service performance standards, and create national customer service performance standards, for:

- providing a connection service on an agreed date;
- notice of planned interruption of supply;
- telephone service for reporting service faults and difficulties;
- repair of faulty street lights;
- distributor's punctuality in keeping appointments; and
- disconnection and reconnection.

Reference: The AER would welcome the MCE including the development of national customer service performance standards in its 2007 work program. Sebastian Roberts General Manager AER Markets Branch Ph: 0392901435

Precedent "broader public good" opens floodgates open for new wind farm developments

The floodgates could be opened for at least 20 new wind farm developments on the NSW tablelands, Alan Dick wrote in *The Land* (22/2/2007, p.6).

Landholders' appeal dismissed: Last week the Land and Environment Court threw out an appeal by a group of Southern Tablelands landholders, called Taralga Landscape Guardians, which had campaigned against government approval of a plan to build 62 wind turbines near the township.

Broader public good prevails: The court decision in favour of wind farm developer, RES Southern Cross, came just a few months after the NSW Government set new targets making it compulsory for electricity suppliers to plug into more renewable wind or solar energy generation technology and cut their reliance on coal fired-power stations. Justice Brian Preston last week ruled in the Taralga case that the need to shift to more renewable sources of energy meant "broader public good" should prevail.

Projects approved but on hold: Several NSW Government-approved wind farm projects had been on hold because the Federal Government's national mandatory renewable energy target (MRET) of 9500GW

hours (about two per cent of national electricity use) by 2010 was well on the way to being met. Projects approved but not yet underway included the Crookwell II project for 50 turbines, a 31-turbine wind farm near Gunning, and 63 turbines near Tarago east of Lake George.

NSW government's targets: But last November, NSW Premier, Morris Iemma, announced targets of 10 per cent of electricity consumed in NSW from renewable sources by 2010, rising to 15 per cent by 2020.

More cautious approach: But other companies with wind farm proposals were believed to be taking a more cautious approach, waiting on the exact wording of the Government's legislation on its proposed renewable energy targets before proceeding.

Centennial Coal unviable if forced pay \$109 for each tonne of carbon dioxide created when coal burned

Lenore Taylor, National affairs writer for *The Australian Financial Review* (13/2/2007, p. 1), said a coalmine in NSW was forced by the state government to factor in a cost of \$109 for each tonne of carbon dioxide created when its coal is burned – a calculation that means the mine could be deemed unviable.

Centennial rejects pollution obligation:

Centennial coal said the cost of burning the coal from its proposed \$9 billion Anvil Hill mine in the Hunter Valley would be \$1.4 billion a year if calculated at the rate proposed in Britain's Stern review of \$US85 (\$109) a tonne of carbon dioxide, as had been requested by the NSW Department of Planning, which was assessing the mine for approval. Centennial rejected the figure and said it was impossible to properly measure the costs and benefits of burning the coal after it was sold overseas. But a spokesperson added that even using these "extreme and questionable" methods, the mine still had "substantial social and economic benefits."

Policy question: real-time time electricity meters mean winners and losers

A Smart Meters Information Paper, by the Ministerial Council on Energy compared different studies, but did not seem able to make up its mind – as, it said, "some studies in otherwise similar market environments applied very different ... assumptions (e.g. elasticities, value of capacity). In general, the authors said: "Cost information tends to be more consistent than benefit information", meaning the analysis process appeared dominated by the supply-side, which sought to use the change to get more money from consumers, from regulators. The MCE report said:

- energy trading / risk management does not seem to have been assessed; and
- supply quality improvements (through reduced customer outage durations) do not tend to have been valued from a customer perspective.

Consumers may get costs, sellers,

benefits: Communications infrastructure and IT were relatively significant components of the total deployment cost.

Terminals – who pays? End point hardware and installation costs comprise around half of total deployment costs – added functionality appears to be second order. Given the significance of on-site costs, deployment should mitigate the risk of needing subsequent functionality upgrades or change-outs. Earlier studies tended to focus on peak DSR only; later studies tended to incorporate potential energy / greenhouse reduction as well.

Will consumers use less? Anecdotal estimates exist of 5-10pc energy reduction potential. Some studies investigated targeted roll-outs; these tended to have lower costs and higher benefit: cost ratios. However, where a wider range of benefits were assessed studies tended to recommend universal roll-out (e.g. California). Further work would be required to confirm likely costs and benefits specifically for Australian states and to determine an optimal deployment (e.g. in terms of common functionality, extent and pace of roll-out).

Reference: Smart Meters Information Paper, on the development of an implementation plan for the roll-

out of smart meters, Ministerial Council on Energy January 2007, P. 9. This information paper is available at <http://www.mce.gov.au/assets/documents/mceinternet/SmartMetersInfoPaper20070123163300%2Epdf>

National Framework for Distribution and Retail Regulation "fails abysmally"

The Major Energy Users (MEU) comments on the National Framework for Distribution and Retail Regulation Working Paper 2 argued the Working Paper 2 (WP2) failed to view the matter of the connection (and its resulting contract) between a distributor (DB) and the consumer from the viewpoint of the consumer and therefore lost sight of the myriad of potential options that could arise between a DB and a consumer. MEU was concerned that increasing contractual liabilities would increase 'risks' and costs for retailers but will not add value in the process. Consumers would end up footing the additional costs.

The problems listed: "As a result, WP2 has proposed an approach which, while it professes to make a complex arrangement between DB, retailer and consumer more consumer friendly by having only one point of contact for the consumer (i.e. to the retailer), it fails abysmally to recognise that there is much more to the relationship between DB and consumer than can be readily resolved by the interposition of a retailer between the two parties".

Makes things worse: The Major Energy Users (MEU) said: "In fact, the approach suggested by WP2 actually results in a more complex relationship than is necessary. The WP2 approach would cut across current market practices and contractual arrangements between major energy users and distributors".

Retailers would take advantage: "WP2 proposes that retailers would formally contract to consumers as providers of Use of System (UoS) services and this could lead to increased risks for retailers, which they would pass onto consumers. MEU anticipates that retailers would take advantage of this arrangement and seek to add a retail mark up for them to provide this contractual responsibility as well as providing a service for invoicing and information flow. As retailers already provide the invoicing service for DBs (and for information flow on standard issues as recommended by MEU) then there is no reason why they should be allowed to charge a premium for this service," MEU added.

Reference: Major Energy Users Inc-The Voice of Energy Consumers, Ministerial Council on Energy, Retail Policy Working Group National Framework for Distribution and Retail Regulation, Comments on: Working Paper 2 by The Major Energy Users Inc And Major Employers Group Tasmania, January 2006, P. 3-4. This working paper is available at <http://www.mce.gov.au/assets/documents/mceinternet/Major%5FEnergy%5FUsers%5FInc20070130123507%2Epdf>

Victoria CO₂ dump planned for Nirranda, near Warrnambool; rezoning of agricultural land pending

A \$30 million geosequestration project planned for Nirranda, near Warrnambool, would test carbon dioxide storage technology as part of a strategy to combat climate change, reported *The Age* (19/2/2007, p.2).

Rezoning of land: Moyne Shire Council would write to Victorian Planning Minister, Justin Madden, requesting him to make an amendment on five parcels of land to allow for non-agricultural developments.

Open to government: CO₂CRC, the company behind the project, would host a tour of the site for government representatives on 22 February.