

Canberra, 9 March 2012

## Media Release

### **Need for clear energy generation plan in NSW**

*Joint submission to the NSW Parliament's Inquiry into the Economics of Energy Generation*

---

The coal industry is calling for the NSW Government to establish a clear strategy for energy generation and greater emphasis on developing low emissions technology to provide certainty for industry investment and government planning over the next 25 years.

Coal-fired power is the principal source of base-load electricity in the National Energy Market and accounts for 89% of electricity generation in NSW. While there will be growth in other energy generation such as gas and solar or wind, Federal Government modelling shows that coal will still be the largest single source of power in NSW in 2034-35.

ACA Chief Executive, Dr Nikki Williams, welcomed the inquiry as crucial for helping to set a clear direction for electricity generation in NSW.

"There are no easy solutions when it comes to meeting future electricity needs. Coal plays an important role in powering the NSW economy now and in the future," Dr Williams said.

"We recognise the need to minimise emissions from coal and gas-fired power and that is why the coal industry is voluntarily investing \$1 billion in developing low emissions technology like carbon capture and storage."

"The industry is already partnering with the NSW Government to find potential carbon storage locations and we have a carbon capture project underway on the NSW Central Coast. However, this work needs to be enhanced so that NSW can realise its potential as a leader in commercialising this technology for coal and gas. Coal Innovation NSW is well placed to drive this work."

NSW Minerals Council Chief Executive, Stephen Galilee, welcomed the NSW Government's efforts to increase public confidence in the industry and minimise unwarranted concerns through its new Strategic Regional Land Use Plans.

The joint submission suggests the NSW Public Accounts Committee recognise that coal remains the most competitive baseload power option for NSW and only its continued use will help to ameliorate projected electricity price increases. There are five key recommendations:

1. NSW electricity generation policy should be based on open markets, transparency, reliability and economic efficiency principles. This approach will provide competitive outcomes that will best serve the interests of NSW.
2. NSW needs a clear energy strategy for the next 10, 20 and 25 years to assess when new baseload power is needed and provide enough time to develop low emissions technologies given their strategic importance to NSW for domestic electricity generation and future coal exports.

3. Locating storage sites for CO<sub>2</sub> sequestration is fundamental to the deployment of CCS technology in NSW and should be a focus of the Coal Innovation NSW work program.
4. We call on the Government to take a leadership role in discussions on complex issues such as land use to help improve public confidence in the industry.
5. Government policies must not unnecessarily sterilise coal resources or burden industry with unnecessary delays and costs.

ENDS

### **Coal in NSW – Top Ten Fast Facts**

1. Coal was Australia's first known export. Coal was first exported in 1799 destined for Bengal in India.
2. 89% of NSW electricity generation is met from domestically mined coal.
3. NSW's 63 coal mines added \$1.2billion to the State's budget through royalties.
4. Coal is NSW most important export, worth \$14.1 billion in 2010-11.
5. Coal equates to 81% of the total value of mineral production in NSW.
6. The Hunter Valley Coal Chain is the world's largest coal export operation.
7. Approximately 85% of Hunter export coal goes to Japan, Korea and Taiwan. These countries have been key export partners for over 40 years.
8. The coal industry directly employs 21,000 people and a further 85,000 indirectly.
9. In 2010-11, NSW produced a record 205 million tonnes (Mt) of raw coal, yielding 157Mt of saleable coal.
10. NSW has over 44% of Australia's total economic demonstrated coal reserves (measured in terms of energy content). More than 40% of total coal reserves in NSW are estimated to lie in the Gunnedah Basin in the north west of the State.

*Source: Information sourced from Coal Services Pty Ltd, Hunter Valley Coal Chain Coordinator and NSW Trade and Investment - Mineral Resources.*