



## THE PARLIAMENT OF TASMANIA - HOUSE OF ASSEMBLY

### Renewable Energy Capacity Increase

21 June 2018

Can the minister update the House on the plans to increase the capacity of Tasmania's renewable energy generation system and recent developments in energy pricing?

#### ANSWER

Madam Speaker, I thank the member for his question. The Hodgman Liberal Government is committed to delivering secure and affordable energy for Tasmanians as part of our Tasmania First energy policy. In a few short months, since our policy was emphatically supported at the recent state election, the Tasmanian people have seen a number of positive developments to deliver lower prices and a secure and reliable supply of energy to Tasmanian families and Tasmanian businesses.

These include the successful conclusion of the gas arbitration between Tasmanian Gas Pipeline and Hydro Tasmania, delivering security for Tasmanian customers, the \$10 million budget initiative to extend the energy price rebate for eligible commercial and industrial customers and the capping of regulated energy prices to CPI.

I expect an announcement from the regulator on electricity prices very shortly. It will give certainty and confidence to mums and dads and Tasmanian businesses, large and small. Tasmanians will be able to contrast this to the chaotic and inflationary arrangements under Labor where, over seven years, there was a 65 per cent increase in power prices.

In 2013, the Labor-Greens government linked Tasmanian power prices to Victorian power prices under the volatile National Electricity Market. The wholesale prices in the National Electricity Market have increased alarmingly since then. Had we not intervened last year and again this year, the volatility in those prices would have flowed through to impact adversely and detrimentally on Tasmanian households and businesses.

Tasmanians are paying less now than when we first came to government in 2014. The Government has committed to de-linking from the National Electricity Market pricing mechanism so that Tasmanians pay Tasmanian prices on Tasmanian energy, not Victorian prices on Tasmanian energy. Under this policy you will see savings of 7 per cent to 10 per cent in due course.

The best years are ahead of us in the wave of new renewable hydro and wind generation that is on its way. Tasmania is the renewable energy powerhouse. Over the last few weeks the Premier and I were with Josh Frydenberg at Lake Cethana, and our federal and state colleagues are working shoulder to shoulder looking at potential pumped hydro sites to deliver a \$5 billion investment over a 10-year to 15-year period, creating 3000 jobs and doubling the hydro output in terms of our capacity in Tasmania.

Proceeding with further interconnection to the mainland will unlock a range of renewable energy developments across the state. Now is the time to drive that change. Today I joined the CEO of Hydro Tasmania for another major announcement. Together with the federal government, Arena and the state Government through Hydro, we are committing \$5 million for a feasibility study to look at the design over the next 18 months and the results are very encouraging. It could deliver \$500 million worth of investment in the redeveloped Tarraleah power station. This is a power station built in 1930, one of the oldest of the 30 power stations across Tasmania, and it will double the capacity from 104 megawatts to 220 megawatts and create hundreds of jobs in engineering and construction, particularly in the central highlands, the Derwent Valley and southern Tasmania.

It is very encouraging and we are focusing on the prospects for good results. This is all consistent with our Tasmania First energy policy to deliver the lowest power prices in Australia and fully renewable self-sufficiency by 2022.

In conclusion, I note that the January 2018 report from the Office of the Tasmanian Economic Regulator confirmed that Tasmania has already the second-lowest annual electricity prices for residential customers and the lowest for business, but we want to do more and deliver more for Tasmanians. By investing in projects such as Tarraleah we can achieve our ambitious targets and cement our status as the renewable energy powerhouse of the nation.