



## HOUSE OF ASSEMBLY

### QUESTION TIME

TUESDAY 08<sup>TH</sup> AUGUST

### ELECTRICITY PRICES

**Mr PEDERICK (Hammond) (14:28):** My question is to the Minister for Regional Development. What are the likely impacts to regional employment after the increase in electricity prices paid by businesses, such as Golden North, who saw their annual power bill increase from \$280,000 to \$500,000?

**The Hon. A. KOUTSANTONIS (West Torrens—Treasurer, Minister for Finance, Minister for State Development, Minister for Mineral Resources and Energy) (14:28):** Those increases are unacceptable and no South Australian should be satisfied to see prices like that increasing. Indeed, what you are seeing across the entire National Electricity Market are prices in Queensland, New South Wales, Victoria, Tasmania, South Australia and the ACT increasing in dramatic ways that are unacceptable.

What the commonwealth government and the states have done is commission the Chief Scientist, and the Chief Scientist to set up a blueprint. They came up with 50 recommendations in an expert panel on how to lower prices, increase security and have more investment in the National Electricity Market to make Australia more competitive so we can lower power prices.

Those 50 recommendations were endorsed by Queensland, by South Australia, by Victoria and by the ACT, but only 49 were endorsed by the other states. Thus far, the opposition have had no view on electricity or put any policy forward.

**Ms CHAPMAN:** Point of order, Mr Speaker: clearly, this is debate in relation to the opposition's alleged position. The question was about the impact on Golden North, which is not in Queensland.

**The SPEAKER:** And other regional employers.

**Ms CHAPMAN:** Yes, indeed—in there, in Golden North.

**The SPEAKER:** No. No, not just Golden North. Not just Golden North.

**Ms CHAPMAN:** After the increase.

**The SPEAKER:** Treasurer.

**The Hon. A. KOUTSANTONIS:** The most important aspect of Dr Finkel's report is to end the scarcity that is occurring in the National Electricity Market. What I mean by scarcity, what is occurring, is because there is a lack of policy direction from the commonwealth government. What that means is there is an investment strike.

The only signal, the only price signal in the National Electricity Market, is for renewable energy through the commonwealth government's renewable energy target. That is the only new investment entering into the Australian National Electricity Market. The only other two investments being made are by the commonwealth government in Snowy 2.0 and this state government's investment in gas-fired generation. These are the only two synchronous investments in generation being made.

What needs to happen now is we need to incentivise more storage. We need to incentivise batteries, pumped hydro and, of course, more gas-fired generation as we transition. Gas-fired transition needs to have a price signal. That is why we advocated an energy intensity scheme. If anyone wants to understand how that works, speak to the member for Mitchell. He will explain it to you; he is an expert on this. Of course, the commonwealth government refused to accept an energy intensity scheme despite Prime Minister Turnbull formally advocating an energy intensity scheme with Senator Xenophon when they were arguing for an intensity scheme in place of an emissions trading scheme.

Now Dr Finkel has recommended a clean energy target, which operates in much the same way as a renewable energy target; that is, it is a price impact on the bill. You use that money to try to incentivise low emissions generation into the market that is synchronous; that is, it meets an emissions level. The states believe that this is the second best option, with the best option being an EIS. Given that that can't be accepted by AEMO, we accept Dr Finkel's recommendations that we should move to a clean energy target immediately.

Until you get that, you are going to have perverse outcomes like Golden North, like BHP, like you are getting at the Portland smelter and like you are getting in industry all across New South Wales. I tell you what will make it worse: banning exploration of unconventional gas in South Australia. It is gas that sets the price of electricity, and our opponents want to ban it. They want to ban it. They say, no, they don't. Well, yes, they do. They do want to ban it. Quite frankly, what you've got opposite is a party with no policy other than to ban unconventional gas—just typical.

**The SPEAKER:** Supplementary, member for Hammond.