



## **LIMESTONE ASSOCIATION OF AUSTRALIA INC.**

P O Box 6162  
Vermont South  
Victoria 3133



### **Submission to ACCC Electricity Supply and Prices Enquiry**

#### **Summary of Information Submitted at Public Forums Held in Melbourne 3/8/'17 and Townsville 8/8'17**

The Limestone Association of Australia represents the interests of producers of mined and quarried limestone, in particular for use as agricultural lime as well road base and other industrial applications. Our member companies stretch from northern Australia down the East Coast and across into Western Australia

- Electricity is a significant component of production costs in our industry eg. A member company in North Queensland has reported its cost of electricity has risen by 21.8% in the last 18 months.
- Since 2015 wholesale electricity prices have risen in the order of 30% per annum.
- Black & brown coal contributes 7 times the amount of power generated by gas, hydro, wind and solar, with gas and hydro being well ahead of wind and solar. The South Australian blackouts are the consummate example of why it is delusional to consider that renewables such as wind and solar can provide adequate and reliable base load power.
- Whilst base load coal power is being discouraged and ceasing operation in Australia, Japan for instance which is a signatory to the Paris Climate Agreement, is planning an additional 45 new coal fired power stations using high-energy low-emission technology also being used in Europe. The Finkel report doesn't recognize the value of such developments by supporting the phasing out of coal-fired electricity generation in Australia.
- Closure of coal fired power stations is exacerbated by the energy market giving effectively no incentive to seek efficiency improvements. The Minerals Council of Australia has calculated that subsidies for solar run at \$215 per MWH, \$74 per MWH for wind, \$33 per MWH for other renewable energy sources and just \$.40 per MWH for coal.
- A tripling of the coal royalty in Victoria preceded the closure of the Hazelwood Power Station in Victoria. Reduction of base load capacity is reported as facilitating Queensland Government owned generators by late bidding into the market, contribute well above historical returns to Queensland Treasury, although denied by the Premier.

## What is to be Done

- Base load coal fired power stations such as firstly Liddell need to be kept going and preferably Hazelwood and Gladstone re-commissioned through redirection of subsidies for renewables towards adoption of improved lower emission technologies both from overseas and locally. Inputs for lower emission technologies are readily available locally
- State moratoria on gas exploration onshore need to be lifted to provide more competition as well as employment.
- Long term contracts for generators supplying industry would provide certainty for industries' cost of production.
- Price gouging by late bidding needs to be identified and penalised.
- Coal royalty rates, especially in Victoria, need to be returned to levels prior to the recent triple increase. Budgeted increases in royalty revenue would already be in shortfall in Victoria with Hazelwood's closure.

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Further information:

Mr Peter McCluskey, [REDACTED] or Mr Russell Wilkins, [REDACTED]