



MEDIA RELEASE

MINERALS COUNCIL OF AUSTRALIA

Generation underwriting program a long-overdue first step in securing low-cost reliable power

Statement from Tania Constable, Chief Executive Officer

Today's call for Registrations of Interest in the Australian Government's Underwriting New Generation Investments program is a long-overdue first step in securing the diverse mix of energy technologies – including baseload and dispatchable power generation – which is critical in providing low-cost reliable power to Australian businesses and families.

Reliable and affordable energy is central to Australia's economy, jobs and competitiveness.

Australian businesses consume around 70 percent of total energy consumption, with mining and resources representing around 12 per cent of demand.

The National Electricity Market is facing serious challenges from the erosion of baseload power generation capacity and a lack of investment in power generation, creating an unmanageable policy risk for investors in long-life power generation assets.

The policy intent of Underwriting New Generation Investments aims to address this by securing private sector investment in low-cost, reliable new power generation.

The goal should be to support private sector investment which is technology-neutral and delivers the capacity required for reliable and secure supply at a long-run price that is sustainable for electricity producers and consumers.

The closure of a substantial proportion of existing baseload plant in the near future underscores the importance of providing the policy stability to enable investors to deliver the right type, size and timing of generation capacity required for reliable, affordable and secure electricity supplies at lowest cost.

The immediate focus of this program should be ensuring that investors are able to replace Liddell Power Station's capacity with a technology mix that will maintain reliability and security at the lowest sustainable cost.

Government contracts created under this program need to be transparent on price and quantity, and honoured by any future government.

If these conditions are not met, private sector investors will be wary of investing in any projects which may be proposed and the risk of market distortion increases substantially.

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