



Statutes Amendment (Australian Energy Market Operator) Bill June 3 2009

Mrs PENFOLD (Flinders) (12:19): I support these bills with reluctance. I do not trust Labor governments in states more populous than ours to act in the best interests of South Australians. Look at how South Australia is being treated by the Eastern States with regard to access to water from the River Murray.

When South Australia owned South Australia's power company, the old ETSA, it was drained of its income by the then Labor government, just as money is being taken from SA Water now and the river is being drained of its water by the Eastern States. The ETSA money was used to prop up state finances, which were spiralling into the massive debt that became known as the State Bank fiasco. State-owned power assets were run down and there was no money left in the coffers to rebuild either them or the state when the Liberal government was put into power in 1993 to clean up that Labor government's financial mess.

The private companies that leased the power enterprises rebuilt our power supplies and infrastructure and embraced change, putting South Australia ahead of New South Wales and Queensland, which still own and manage their own state's power companies. However, a national power system could have implications that we may not yet perceive, possibly coming from government-owned power monopolies and the unions in these more populous Eastern States, and that could severely constrain our state's progress.

I am concerned that the need for a regulated line to provide power to the west of South Australia—particularly to the mining industry and for desalination—using renewable power from wind, solar, waves, graphite blocks and hot rocks, will be pushed aside by this Eastern States power bloc. Instead, it will favour a line to connect South Australian mines, particularly BHP's Olympic Dam, to their dirty coal-fired power. The Eastern States will get the jobs and the royalties in those states, and our green energy suppliers and our mines will not get the power or the lines that they need to provide the jobs and royalties for South Australia. They have greater political clout with the Canberra Labor government, as well as strong unions and state Labor governments—particularly those that own their power assets.

It is now acknowledged that 80 per cent of the state's mining exploration is within the Gawler Craton, which underlines Eyre Peninsula. Western Australia and Queensland

each have royalties of more than \$3 billion, yet I believe ours stands at about a measly \$165 million. However, our Labor state government will not have the anticipated mining boom until power, water and transport infrastructure is in place. Fortunately, countries wanting our minerals have the money and are willing to help put in place that necessary infrastructure.

Only yesterday the Premier announced his commitment to renewable energy generation. He recognises that renewable energy is a global growth industry—and South Australia is in the enviable position of being able to supply this—but for any of it to actually happen we need the infrastructure in place to get our green energy into the national grid. The whole region of Eyre Peninsula is constrained by ElectraNet's more than 40 year old, 132 kilovolt line from Whyalla to Port Lincoln, with a spur to Wudinna. I ask the government to apply whatever pressure it can to ensure that a regulated line is constructed along the west coast of Eyre Peninsula from Wudinna to Elliston and down to Port Lincoln. Triangulating the power lines would give security of power for the southern Eyre Peninsula and enable inputs and offtakes of power from the 1,000 megawatts-plus of wind energy being planned at Elliston and the desalination plants and mining activities en route.

The southern triangulation of powerlines is in addition to the ring main that is needed in the north and west to provide stability of power supply and the intakes and offtakes there. I note with interest that in July 2008 a 168 kilometre electrical power line to Oz Minerals' Prominent Hill copper and gold mine from Olympic Dam was provided by private enterprise. This would form one link in the ring main. The Lake Phillipson coal mine, about 100 kilometres away from Prominent Hill, will provide another link in the line through to the Challenger gold mine, the Warrior uranium mine and possibly west to Iluka's jacinth ambrosia mineral sands, Fowlers Bay and Lake McDonald gypsum mines to Ceduna. I hope this line will grow over the next few years as mines come into production in the north and west to link in via Ceduna to Wudinna. This must be taken into account.

Reliability and security of supply can be provided for South Australia by renewable energy. The newly announced RenewablesSA Board must take action to ensure that infrastructure is built to deliver the green energy that will not only meet green energy targets but also ensure that South Australia is in the best possible position to benefit. We have companies ready to go. In addition to the existing 70 megawatt Mount Miller and 65 megawatt Cathedral Rocks wind farms, approximately 1,000 megawatts of capacity is being planned by Ausker Energies and Origin Energy near Elliston, which is rated as one of the top sites for wind energy in the world.

Also, Wave Ride Energy has been given approval for its pilot wave energy plant at Elliston, 800 metres offshore and 30 metres deep using the power of the Southern Ocean. These projects are expected to begin early in the 2010-15 regulatory period and need to be taken into consideration as the area is currently serviced by only 11 kilovolt lines.

BHP and other developments in the region will be able to take advantage of the green energy. Customer service and communities must be looked after, particularly at

Elliston, Lock, Tumby Bay, Cummins, Port Neill, Cowell, Kimba, Cleve, Wudinna, Streaky Bay, Fowlers Bay, Ceduna and Port Lincoln which will all have significant increases in population stimulated by mining in their vicinity. Power must be provided to support growth in the west of South Australia for the benefit of all South Australians. In addition to Iluka's mineral sands mine, the potential processing plant west of Ceduna Minotaur's kaolin mine and processing south of Streaky Bay and the many other uranium, lead, zinc, copper, gold and iron ore companies, there is now a proposed export port near Port Neill. Future value adding requires an iron ore pellet plant to be established that is expected to become a reality within the regulatory period.

The port and pellet plant will need significant power for loading, unloading and processing of iron ore, as well as having a significant multiplier effect with all the support services needed such as cement works and additional housing for staff. An estimated requirement of 350 megawatts has been provided to me by the proponents. I also mention that the small township of Fowlers Bay should be considered for significant expansion as a possible service town. I ask that it be factored into any expected expansion of power requirements in South Australia.

In the last month, the government and SA Water have at last recognised the need for desalination plants on Eyre Peninsula as the southern basins are seriously overdrawn. The processing of kaolin alone requires about 3 gegalitres of water, and port and pellet plants have not yet been factored in by the government. SA Water, despite being the government owned monopoly provider of water and in control of the pipeline network, does not consider providing water for mining is its problem and is leaving it to the companies themselves to source.

Therefore, I reiterate the need for desalination plants at least to double the nine gegalitres currently obtained in the most part from overdrawn underground basins south of Port Lincoln. However, the required desalination plants will be significant users of power and this will need to be factored into the requirements of the next regulatory period as work is expected to start this financial year. The expansion of the state's power must not be curtailed by interests interstate. I would like the Premier's and his minister's reassurance that the interests of South Australia will be enhanced by the changes proposed by these acts that have suddenly been imposed on us and not depleted by issues that may not as yet have become apparent because of lack of adequate consideration.