

# No way to soften it: lights are going out



Phillip O'Neill

THE Hunter Valley's biggest challenge this decade is the reform of its electricity sector.

It might be a bigger test than the closure of the Newcastle steelworks.

The problem is our power stations. The big five - Bayswater, Liddell, Eraring, Munmorah and Vales Point - have an average age of more than 33 years. The Hunter's baby, Redbank, was opened in 2001, but adds insignificant output. Together they supply 80 per cent of all NSW electricity needs.

But we need more as the state grows. And the old ovens pump out planet-cooking gases at an unsustainable level.

For two decades NSW governments have turned their back on our state's electricity supply problem. Other than Redbank, the last generator built was the Mount Piper station, near Lithgow, in 1992.

In the mid-1980s, NSW had more than 50 per cent spare capacity. This meant the state could supply electricity on the hottest and coldest days, extend the grid to new suburbs, and say "yes" to new industrial investors.

However, spare capacity will fall to only 15 per cent by 2013-14. Experts say this is as low as you ever want to be. And the lead time for a new generator is five years.

Already NSW imports significant quantities of electricity from Victoria and Queensland to meet demand in peak periods. Blackouts and selective grid shutdowns are now real possibilities. A spell of hot days across all the eastern states might be the trigger.

Three years ago, energy expert Professor Anthony Owen said the cost of new generation capacity for NSW approached \$8 billion.

This state simply doesn't have this sort of dough. Nor could it easily borrow it. Nor could it encourage private investors to fund the new generators while ever the state continued to own and run big installations like Bayswater and Eraring in competition.

Nor would private investors cough up \$8 billion in the face of uncertainties about a carbon tax and a carbon trading scheme. No one will invest \$8 billion dollars on new



HOT SPOTS: Years of short-sighted government leave NSW electricity customers out in the cold.

electricity capacity when the industry's tax rates and regulatory conditions are uncertain.

Then the investor faces the question of what sort of electricity generator should be built. The cheapest source of heat for a thermal power station in NSW is Hunter Valley coal. But burning coal is the worst greenhouse gas option.

The best alternative, according to Professor Owen, is gas. Gas-powered generators are cheaper to build. But low gas prices in Australia can't be guaranteed, says the professor. Australia is already a big exporter of liquefied natural gas. And as China and India seek more, and are prepared to pay more, Australia producers will shift local supplies to the export market, and demand that local users pay more. Gas prices will rise.

Meanwhile, every reasonable assessment of wind and solar alternatives says that the prospects for these are very limited in the coming decade.

It's hugely disappointing that the

NSW electricity industry has come to this. Years of neglect by state leaders mean decisions about our electricity industry have become very tough. Unionists and well-meaning party faithful and politicians fought hard to keep the NSW electricity industry in public hands. Yet, successive Labor governments arrogantly refused to lead the industry gradually and purposefully into the 21st century.

Now the industry is in crisis. Don't be surprised if NSW Premier Barry O'Farrell announces a sell-off. Local workers and their unions will be outraged. Climate change activists will oppose any and all coal-based investments, whether they be for new stations or upgrades to existing ones. They'll probably oppose proposals for gas-fired generators as well.

And, unfortunately, it's hard to see federal Labor delivering a clear, stable carbon tax and carbon trading plan for the future any time soon. So private investors will sit on their hands.

It adds up to a right royal mess,

with 3500 Hunter electricity workers and a raft of the region's downstream industries facing very uncertain futures, and electricity supply companies nervous about the next big heat wave or cold snap.

In the late 19th century, putting electricity into every home improved people's lives dramatically.

More than 100 years later, our political leaders are failing to maintain our electricity assets in ways that won't cook the planet, at prices that won't scorch family budgets.

The opportunity for a measured, clever transition now seems lost. The changes that must be faced in the coming years are immense - financially, technologically and politically. The inevitable drama will be played out in the Hunter Valley.

Tough times ahead, I'm afraid.

Professor Phillip O'Neill is director of the Urban Research Centre, University of Western Sydney.

## Small certainties make a big difference

In an uncertain world, words and actions count, writes Rick Prosser.

WE have all heard the saying, "there are two things guaranteed in life, death and taxes; however, it would seem to me that there should be more things in life that should be guaranteed.

Once upon a time a man's word and handshake was a certain thing ... that was probably too long ago! Nowadays we look for something in writing to provide a guarantee and one would have thought such a contract between two parties was a safe arrangement - but not so.

We have elite sportsman walking out on their contracts and governments abandoning their

policies and agreements, such as the recent solar panel debacle.

Even the church, regarded as a place in which one might find someone they can trust, has been smeared by the actions of some at the expense of the God it represents.

Broken promises, fractured relationships, family breakdown, financial pressures, physical or mental illness, workplace mayhem, regrettable decisions and actions ... the list could go on and on of the things that have caused us to experience hurt, disappointment, distrust and regret.

All of these inevitably contribute to destabilising lives, creating doubts, questions and fears eroding our ability to trust almost anything or anyone.

In contrast to this uncertainty our solar system is set in place, bound by

phenomenal forces that mean that we know each morning the sun will rise and it will set as the moon and stars play their part.

Our beaches, rivers, lakes and vineyards continually provide us with an unending abundance of things to do and places to go. We are blessed in this region with natural beauty.

In an uncertain world of compromise we must become champions of certainty and keep some old-time practices in delivering on what we say we will.

Under-promise and over-deliver will always create a sphere of confidence and certainty.

Consistency will always create stability in unstable times; words and actions matter.

Some time ago now my father asked me if I wanted to know about God and have a personal

relationship with him. Back then as a rebellious teenager I thought that this was for old folks.

Since then, however, I have discovered that in a world of broken promises I can hold on to some promises that won't be broken.

Our capacity to trust in someone or something would have to be one of the most liberated places to be and yet one of the hardest places to find.

Choose to rebuild trust again into your life, trust in God, trust in work practices, forgive and rebuild trust in broken relationships and you will discover a stability in life, that's for certain!

Rick Prosser is Pastor at the C3 Victory Church and chairman of the Heads of Churches.



### Native land claim

There was a mixed reaction to news that Worimi Aboriginal Tribe descendants would lodge a Native Title Claim over Newcastle and surrounds.

Well I say good on them as Aboriginal peoples have the right to claim their land they have live on since time and the trad owners deserve that right.

- Gavin Couzens

I reckon we should rename King Edward Park to something more respectful to the traditional owners of the land.

- tp

And who pays for all this legal action? The taxpayers of course!

- Den Isles

What?? We only want our artefacts back so we can put in a museum, and not make a claim for some sort on monetary compensation if the family history had been passed on why didn't someone know the location of all these things without having to dig up by accident.

- Jacks

I agree if the land was the Traditional Aboriginal people, they have every right to claim the land. We are the ones that forced them off and stole their children. Maybe then it may stay as land, not sold like the Newcastle Council is at the moment and making it a wind tunnel and concrete jungle. Leave it as open space and place more areas for fishermen and families along the foreshore.

- Cressley

Political leadership required here, new Libs. Don't let them hold the Hunter to ransom!

- Abundance

What a joke, this whole Mabo case has turned into. I wonder if Mr Mabo ever envisaged what a Dog's Breakfast his intentions would become???

- Wally

What a potential waste of time and public money. Get on with your lives!

- Tiger

### ONLINE poll



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