

## Media release

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### Plan to shut down Hazelwood ‘a bargain’

A proposal by Victoria’s Premier John Brumby to shut down one quarter of Hazelwood power station, Australia’s dirtiest power station, shows that effective action to reduce greenhouse gas emissions is actually cheaper than the symbolic action favoured by the Rudd and Gillard Governments, according to The Australia Institute’s Executive Director Dr Richard Denniss.

“Mr Brumby has proposed to save four million tonnes of pollution per year by shutting down one quarter of Hazelwood power station and he has proposed to pay up to \$1 billion in compensation to do so. Even if you only saved one year’s worth of emissions then the cost per tonne of avoided pollution would be \$250, but if for that \$1 billion you avoid 10 years of emissions the cost falls to \$25 per tonne, and if Hazelwood was going to last another 20 years then the long run cost of shutting part of it down early is just \$12.50 per tonne,” said Dr Denniss.

“It’s possible that the compensation bill, and in turn the cost per tonne of avoided pollution, could be significantly lower. If a carbon price was introduced and Hazelwood could no longer compete then it’s possible that Hazelwood would shut down at no cost to tax-payers.

“In contrast, the rebate and subsidy schemes favoured by the Howard, Rudd and Gillard Governments are much more expensive. According to the Australian National Audit Office, programs such as the Solar Homes and Communities Plan and the Renewable Remote Power Generation Program have also cost around \$1 billion but the estimated cost of each tonne of pollution avoided was \$447.

“The Australian National Audit Office figures make it clear that Mr Brumby’s plan to shut down Hazelwood makes good economic sense. If closing one quarter of Australia’s dirtiest power station makes sense, surely shutting the whole thing down as quickly as possible makes even more,” said Dr Denniss.

“The sooner the Federal government introduces a price on carbon the sooner it will have all the money it needs to start investing in low cost pollution reduction such as the closure of Hazelwood.

“The only fly in this effective ointment is the potential that new coal fired power stations will be built to replace the capacity lost from Hazelwood. Premier Brumby and the Prime Minister should simply ban the construction of new coal fired power stations until so called ‘clean coal technology’ has actually been invented,” concluded Dr Denniss.

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