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Media alert

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Carbon liabilities devalue NSW power plants

The Australia Institute is today releasing a new analysis of the carbon liabilities of NSW electricity generators. Under the Rudd Government's planned emissions trading scheme, coal-fired power plants will need to purchase emission permits to cover their greenhouse gas emissions.

The analysis concludes that:

- Over the period 2010-2030, the estimated net present value of the carbon liabilities of the seven NSW coal-fired power plants is \$15 billion.
- This cost substantially reduces the sale or lease value of the generators.
- The Iemma Government will come under pressure to indemnify private buyers of the electricity assets against future carbon liabilities. The NSW Government has already indemnified Bluescope Steel for the cost of the carbon emissions from its Port Kembla plant.
- Indemnifying the new owners would give NSW generators a substantial competitive advantage over alternatives, including gas, renewables and coal-fired power plants in other states. It would cripple the Rudd Government's emissions trading scheme.

The paper may be read on the Institute's website under latest web papers - www.tai.org.au.