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AGA sounds death knell of coal industry

Today's report by the Australian Gas Association showing that electricity from gas-fired generators has only half of the greenhouse gas emissions of coal-fired electricity could serve as an epitaph for the coal industry in Australia, according to the Australia Institute's Executive Director Dr Clive Hamilton.

The AGA report showed that, using best-practice technology in each case, greenhouse gas emissions from electricity fuelled by black coal are 67% higher than emissions from gas generation while emissions from brown-coal generation are 130% higher. Direct use of gas for home heating is even more efficient.

The AGA report confirms the critical need for the Federal Government to adopt policies to hasten the transition to natural gas if Australia is to meet its commitments under the Kyoto Protocol. The present policy of 'fuel neutrality' in fact gives an unwarranted advantage to coal.

"The adoption of a cap-and-trade emission permit system in Australia will set off a 'dash for gas' as electricity generators seek least-cost means of cutting emissions while retaining market share", said Dr Hamilton. "Brown-coal electricity generation is the worst greenhouse offender and investors in Victoria's privatised generators are in for a rough ride."

"Last week's reports of massive capital losses expected from the sell-down of Loy Yang power station is a taste of things to come.

"Investors who understand where the world is heading will avoid Victoria's dirty brown-coal generators like the plague", said Dr Hamilton.

"Natural gas will be the big winner from moves to cut greenhouse pollution, but it should be seen as a transitional fuel only. In the longer term, energy efficiency and renewables are the only option if we are to prevent potentially catastrophic changes in the earth's climate", he added.