

Looking to the future with energy

Building a Tasmania we
can all be proud of



Change
for a brighter
future

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The Plan to build a modern economy,
to create jobs

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Making energy our competitive advantage again

For generations, Tasmanians have derived significant benefit from our natural energy resources, including high rainfall and consistent wind.

Our historical development of the hydro dam infrastructure created jobs, enhanced our technical capability, and also generated wealth that has significantly contributed to the funding of core government services.

In addition, Tasmanians have historically enjoyed a competitive advantage in the form of cheaper power than that available interstate. Not only did this provide a direct advantage in lower household and business costs, but it also benefited Tasmanians indirectly through the attraction of additional investment into the State.

Over recent years, however, far from enjoying a competitive advantage, Tasmanian households and businesses have been forced to endure a competitive disadvantage from unjustifiably high power prices.

The Liberals are committed to making energy our competitive advantage again. We will deliver the most competitive power prices in Australia by introducing effective competition and choice, and through the prudent management of our energy businesses.

We will more effectively utilise our energy assets as an economic driver to attract investment, retain industry and secure jobs.

We will secure our energy advantage for the benefit of current and future generations by reinvesting in our Hydro assets and ensuring they remain in Tasmanian hands.

And we will maximise Tasmania's renewable development potential by developing the case for a nationally-funded second Bass Strait interconnector.

Delivering Australia's most competitive power prices

Delivering effective competition and choice for consumers

Under Labor and the Greens, **electricity prices have increased by more than 65 per cent in the last seven years.** This has placed unsustainable pressure on already stretched family and small business budgets. It has also meant that Tasmanians have been denied one of our most significant competitive advantages - cheaper power.

Labor and the Greens have denied Tasmanian households and small businesses the benefit of effective competition and customer choice for far too long.

Effective competition has the potential to not only provide Tasmanian households and small businesses with a wider range of customer choice and service offerings, but it can also play an important role in reducing costs and

inefficiencies at the retail level, which in turn can put much needed downward pressure on prices.

To make matters worse, Labor and the Greens bungled their proposed energy reforms including the sale of Aurora Energy's retail business. Once again, Tasmanian households and businesses have been left to pay the price with more than **\$36 million in costs from the bungled process being passed through to consumers in the form of higher power prices.**

The Liberals remain committed to making the changes necessary to deliver lower power prices for all Tasmanians. In particular, we remain committed to securing effective retail competition and choice, as well as ensuring our energy businesses are run more efficiently.

Attracting investment, retaining industry and securing jobs

The Liberals are committed to attracting investment, retaining industry and securing jobs by making Tasmania the most competitive place in Australia to do business.

We recognise the significant contribution major industry makes to the Tasmanian economy – in excess of \$2.5 billion annually and employing more than 10,000 employees directly and indirectly, providing further growth opportunity for local suppliers and small business.

In addition, large industry is responsible for more than 50 per cent of Tasmania's state-owned transmission revenue, supporting a stronger economy through providing stable base load demand. We also recognise the significant challenges the sector has faced in recent years due to unfavourable exchange rates and higher costs of production.

One of the major concerns for industry and potential investors in the State has been the alarming increase in power prices with transmission costs soaring by 200 per cent over the past five years.

Left unchecked, this issue represents a serious threat to existing and future business activity in Tasmania, and places our State and our economy at a clear disadvantage within Australia.

The Liberals believe that with the establishment of the merged distribution/transmission company, TasNetworks, there is an opportunity to achieve transmission and distribution prices that are more sustainable, more certain and more manageable for both domestic and commercial users.

We are committed to securing that outcome.

A majority Hodgman Liberal Government will establish an Energy Working Group comprising leading industry and senior government representatives as well as other key stakeholders, including consumer representatives.

The purpose of the group will be to assist the government develop a comprehensive State Energy Strategy.

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The key objective of the Strategy will be to identify ways in which energy can once again be utilised as an economic driver including by securing a stable and sustainable price path for power that can provide relief to consumers and help grow the economy and attract new investment.

We will commit to ensuring that the development of this Strategy occurs by the end of 2014, in recognition of the importance of this issue to achieving our objective of growing the Tasmanian economy.

Maximising our renewable energy potential

Reinvesting in our Hydro Assets

A majority Hodgman Liberal Government will work with Hydro Tasmania to develop the case to expand its generation output by 10 per cent.

The Liberals believe that our hydro assets are of significant strategic value to Tasmania. We recognise the importance of not only retaining these assets in Tasmanian hands, but also in ensuring we reinvest in them for the benefit of both current and future generations.

Tasmania's hydro assets are not just significant to Tasmania, they also play an important role in ensuring energy security nationally and the growth of renewables in the national market.

If Tasmania's hydro assets can be properly maintained and their generating capacity enhanced, then our capacity to deliver vital energy into the national market in peak periods will be maximised. This can deliver additional revenue to Tasmania and avoid some requirement for further peak load generation in the National Energy Market.

A number of opportunities have been identified for additional hydro generation in Tasmania including:

- Catchment diversions and diversion upgrades;
- Raising existing dams;
- Mini hydro schemes;
- Redevelopment of existing power stations; and
- Exploring the potential for pump storage opportunities.

Second Bass Strait interconnector

A second Bass Strait interconnector will give Tasmania the opportunity to export more of its energy into the national market, enhancing Tasmania's role as a genuine energy powerhouse. The Liberals are committed to advancing the case for a nationally-funded second interconnector and will continue to work proactively with the Australian Government to secure that outcome.

The Liberals will commit \$2.5 million of funding to advance the case for a second interconnector, and the case for the expansion of Hydro Tasmania's generation output by 10 per cent.

Renewable Energy Target

The Renewable Energy Target was introduced and legislated by the Liberals. We remain fully committed to the maintenance of the Renewable Energy Target as an important driver of further renewable development in the State.

Pursuing alternative energy options

A majority Hodgman Liberal Government will provide \$750,000 to underpin the development of commercial uses for our forest residues, to encourage investment and create jobs.

Using timber residues to generate electricity or bio-fuel is considered sensible energy policy across much of the world, and our commitment to biomass will create the platform for private investment in this exciting new opportunity.

Unfortunately, due to the decision of the former Federal Labor Government - supported by the Greens - to deny biomass from native forest waste access to Renewable Energy Certificates, it is currently economically difficult to secure investment to build such plants in Tasmania.

The Federal Coalition is committed to reversing this decision and we will work with them to ensure the industry is developed. Biomass is already recognised as an option for generating electricity, and using timber residues as a feedstock for pellet heating or bio-fuels has proven potential as well.

To facilitate commercial development of our forest residues, a majority Liberal Government will make \$550,000 available to provide:

- Support for scoping and feasibility studies that add to existing studies; or
- Seed funding for projects utilising proven technologies to deliver forest residue solutions, including biomass and biofuels, as well engineered wood and carbon products.

We will also provide a further \$200,000 to partner with industry and/or local government on a dollar-for-dollar basis to build on the work on bio-fuels that has already been undertaken in the Dorset and Huon municipalities.

These studies investigated the feasibility of establishing biofuel plants in Tasmania, and need to be further investigated.

Costings:

\$2.5 million over four years (some initiatives included have been previously announced and costed).

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