



CLEAN COAL ADMINISTRATION AMENDMENT BILL 2011

Bill introduced on motion by Mr Chris Hartcher.

Agreement in Principle

Mr CHRIS HARTCHER (Terrigal—Minister for Resources and Energy, Special Minister of State, and Minister for the Central Coast) [11.06 a.m.]: I move:

That this bill be now agreed to in principle.

The Clean Coal Administration Amendment Bill 2011 makes a number of useful amendments to the Clean Coal Administration Act 2008. The amendments are not major, but they will ensure that the council established under the Act continues to be effective. The amendments will do this, first, by streamlining the council to make it more efficient. As well, the amendments will ensure that the language of the Act reflects current terminology on developments to reduce greenhouse gas emissions from burning coal for energy. They will also ensure that the names of the council and the fund established under the Act better reflect their innovative purpose. We might ask why New South Wales needs to have an Act, and research and development, into low emissions coal. It is because we derive 90 per cent of our electricity from coal-fired generators. These coal-fired generators currently emit 63 million tonnes of greenhouse gases annually from burning coal.

With the introduction of Federal Labor's proposed carbon tax of \$23 per tonne, New South Wales energy industries face a new annual bill of \$1,450 million. This annual bill will increase yearly as the demand for electricity grows. We all understand the benefits of renewable and alternative sources of energy in our efforts to reduce greenhouse gas emissions. New South Wales is providing energy from renewable resources, which include solar, wind, biomass, landfill gas and hydroelectricity. As well, work continues on developing energy from geothermal sources. But in 2010, solar and wind-based energy in our energy generation mix contributed just 3.8 per cent to New South Wales energy generation.

Neither wind nor solar power is a continually available source of energy, in contrast to coal, gas and hydroelectric power. Until other sources are able to provide reliable base-load energy, New South Wales will continue to rely on coal. Without coal-fired power, our State would grind to a halt. We need to work towards reducing emissions from coalmining and combustion in a way that allows us to maintain our economy and provide the means for it to grow. Innovation in this field is essential. We do not have the technology, nor can consumers absorb the massive electricity cost increases from capital investments, to make a large or immediate shift to renewable energy sources. Renewable energy work is ongoing and is well supported by the New South Wales Government—and it will continue to be well supported by the Government.

In the meantime, we have to make every effort to reduce emissions from the main energy production methods we already have. As always, our universities and research institutions are at the forefront of that research. They are working to develop new emissions capture and storage technologies as well as a range of complimentary technological innovations. Support for this work needs to extend from basic research and development to the demonstration and commercialisation of new technologies. The Government is committed to supporting research and development of innovative solutions to reduce greenhouse gas emissions from burning coal for energy. We cannot underestimate this work.

The Clean Coal Administration Act established the Clean Coal Council and the Clean Coal Fund. The role of the council is to provide advice and make recommendations to the Government on the provision of funding for research and development projects. Through its funding the New South Wales Government is supporting world-first research and development projects for lower emission technologies. As well as its funding role, the council also provides advice to government on the development and implementation of low emissions technologies. The council also promotes new technologies to other research institutions, industry and the general public. The council can support innovation efforts by directing funds for the demonstration, commercialisation and promotion of new technologies. Further, the council plays a role in identifying opportunities for public and private sector involvement in research projects at State, national and international

levels.

The council is structured so that it brings together representatives from the coal industry, government and relevant disciplines such as research institutions. The Act currently provides for the council to have five members from government and five from industry. As well, the responsible Minister may appoint an unspecified number of members who have qualifications or experience relevant to the functions of the council. The chair is appointed from the membership of the council. This bill reduces the membership of the council from the present unlimited number to a maximum of nine. This will mean a more streamlined, efficient council that is able to effectively make recommendations to government and advise on low emissions technologies. Therefore, we propose to have two members on the council from government and two from industry. Industry members will continue to be nominated by the Australian Coal Association and the New South Wales Minerals Council. We further propose that the responsible Minister may appoint up to four members with qualifications or experience relevant to the council's functions. There will also be a change in the appointment of the chair. The bill makes clear that the Minister will appoint an independent chair. The independent chair will provide for objective leadership on the council.

I turn now to the role and significance of the Clean Coal Fund. The fund supports the research and development of low emissions technologies. It can also assist with demonstrating and commercialising these technologies. Members would be aware of the enormous sums of money needed to research and develop the sorts of technologies that will lead to commercialised low emissions coal. Industry and government have clearly recognised the need for significant investment in developing these new technologies. The black coal industry has committed \$1 billion over 10 years to the development of low emissions technologies through the COAL21 Fund. Of this, \$400 million has been earmarked for projects in New South Wales. As well, the Federal Government has committed \$50 million to New South Wales through its National Low Emissions Coal Initiative. The New South Wales Government committed \$100 million over four years to the original Clean Coal Fund for the development of low emissions technologies. In driving innovation in this sector, the O'Farrell Government is building on its firm commitment to reduce the emission of greenhouse gases in New South Wales.

The projects currently funded by the council are making a significant contribution to the development of low emissions technologies nationally and internationally. In all, 11 projects are being supported, at least in part, with funds from the fund. Three of the projects have matched funding from the Commonwealth Government. As well, several projects have either matched funding or significant financial support from industry. One example of the research being undertaken is at the University of Newcastle. At its Priority Research Centre for Energy the university is researching a new way of producing pure oxygen to use in the efficient burning of coal to generate electricity. This proposed technology promises to be a cost-effective way to mitigate the prohibitive costs associated with conventional air separation. Air separation is part of the process of oxyfiring. If the cost can be reduced significantly, it would overcome one of the biggest barriers to using oxyfiring as a carbon capture technology. Air separation also has the potential to revolutionise a wide range of industrial practices. This is just one example of the sort of cutting-edge research and development taking place right now.

The original focus of the Clean Coal Council was the research and development of technologies around what was then referred to as "clean coal" technology. But the term "clean coal" is somewhat of a misnomer. It tends to suggest that research scientists might one day find a coal that burns without emissions. The term "clean coal" did not then, and does not now, accurately reflect the aims of the council or the fund that supports it. The purpose of the council is to acknowledge the emissions from coal-fired power and then encourage and promote new and innovative technologies to reduce those emissions. It is clear that the Clean Coal Council and the Clean Coal Fund have had a critical role in enabling this groundbreaking technology to reach its full potential. But their role is focused on innovation, and so the Government seeks to amend the Act to reflect this in the names of the council and the fund.

Therefore, we propose that the name of the council be changed to Coal Innovation NSW. In keeping with this change, the fund will become the Coal Innovation NSW Fund. The previous council was very supportive of a name change away from "clean coal". If changing the name of the council and the fund help their function and purpose to be clear, it is just as important that the name of the Act reflects its purpose. The bill therefore will change the name of the Act to the Coal Innovation Administration Act. These changes to the names of the Act, the council and the fund will reflect the key function of this legislation: innovation. The changes will make very clear to all the purpose and focus of this Act. The bill proposes one further change. As mentioned, the term "clean coal" was applied to the aims of the Act when it was passed in 2008. In 2011 it is recognised that the phrase "low emissions" better describes the goal of the research being

undertaken. The Act therefore will be amended to change references from "clean coal" to "low emissions coal".

Coal Innovation NSW will continue to fund cutting-edge research and development projects, which are leading to major developments in the industry. It will provide the technology that is used in the future to ensure that the emissions from coal combustion are significantly reduced. The reductions in emissions will benefit not just New South Wales and Australia. They will benefit also our international trading partners. Our trading partners may also have the opportunity to make use of these new and exciting technologies. These amendments will ensure that legislation for the funding and development of low emissions technologies remains relevant and up to date. I commend the bill to the House.

Debate adjourned on motion by Mr Nick Lalich and set down as an order of the day for a future day.