

**ENERGY DELIVERY — GOVERNMENT PERFORMANCE**

*Motion*

**DR D.J. HONEY (Cottesloe)** [3.59 pm]: I move —

That this house condemns the WA Labor government for its poorly focused approach to the management of our state's energy needs that is creating increasing uncertainty over the ability of our energy sector to deliver reliable and affordable energy for households and businesses.

First of all, a vote of commiseration for the Minister for Energy, who was bemoaning today how he would have to go through the torture of listening to us.

**Mr W.J. Johnston:** No, I didn't say that—I said you!

**Dr D.J. HONEY:** The torture of listening to me? The minister can stand in judgement on the others later. I will say genuinely that one of the great beauties of coming into this place as a member of Parliament is the opportunity the opposition has to raise issues with the government and to explain those issues. As we are a couple of troops down today, I am doing my level best to donate an hour of my time to the minister.

**Mr W.J. Johnston:** You don't have to, seriously.

**Dr D.J. HONEY:** Well, I will.

This motion applies to industry as well. Good electricity management is absolutely necessary for modern life and for our modern society. More so now than at any other time, we depend on electricity. We hear that some people have an ambition that in the future we will completely depend on electricity. Ensuring that it is well managed requires a constant focus on the system requirements now and into the future. The challenge that faces our state can be split into two main components. First and foremost are the problems with the reliability of our system. That needs to be tackled urgently. The second problem is the planning and implementation of increased renewable energy into the south west interconnected system. The observation from this side is that the government does not have a clear focus on the ongoing needs of that system and, more particularly, the broader energy needs in our state. There is little evidence that the government is focused on proper systematic planning for the future, both short and long term. It is not that there is no evidence, but there is not sufficient evidence of the effort that is going on. Instead, we observe a government that runs our electricity system according to political agendas and political time lines. The announcements that are made about various activities are not based on a considered analysis, but on a wish or a hope. The Labor government is bereft of notable achievements in pretty well all its portfolios.

We see that constantly demonstrated in this place. It is beset by failures across the spectrum of the government's activities and it is becoming ever more reliant on spin and assertion about feel-good statements rather than doing its work properly. It is a recipe for mismanagement and it results in worsening problems. We see that in all areas, whether it is health, law and order, or energy, particularly as we go forward into the future.

Members may recall the range of problems afflicting our energy system that I have discussed before at length. I am not about to repeat those, but I will mention our declining grid reliability, especially in rural areas. That is an example of a poor focus on a problem. The Christmas 2020 outages stick in many people's minds. I am sure the minister remembers them vividly. More particularly, the people who were affected by those outages vividly remember them and the enormous impact they had on households across the state. One cannot state the failure of the government's approach to energy more clearly than the summation from the independent inquiry in 2021 into the Christmas outages that reported what was happening under Labor's watch. I quote this often, but I think it encapsulates where the government has got us: the data shows over a four-year period a materially worsening customer outage experience trend in the CBD. The minister has explained that it is a small fraction of a number, and I accept that, but in rural areas and with flat performance in urban areas that exposes the failure to maintain the grid in those areas. The report recommended that the government assess the grid's needs, prepare a plan for improvement that is released to the public and then implement the plan so that we can have a plan that we can follow.

Despite that—I had assurances from the minister that he has made statements in this place and other places that that is being done—we do not see the detail of that plan. We hear that Western Power is doing certain things, but we do not see that there is any systematic analysis about that. In the government's six years in office we have not seen those noteworthy things that need to be done to improve the reliability of the system. That is available in Western Power's own state of the infrastructure reports. I have raised those before and I am not about to go through them in detail this time. Those reports inform us about the ageing profile of equipment that makes up the transmission network. When I went through them, I could see that for almost every item in the report, the equipment aged under five years—the newer and, hence, typically more reliable equipment—has decreased in every category. It is no wonder that we saw that material decline in power supply reliability and it is not surprising that if ageing equipment is not replaced in a timely manner that that equipment will become less reliable and we will see more outages. It

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underscores the assertion that the Labor Party has not been putting the priority on ensuring reliability through the systematic upgrade of equipment.

Although Western Power will always take care of the immediate problems—it does, and we see Western Power workers out there—there is no sign of that overall system analysis and the report released to the public so that we can see what the government plans to fix. When my staff member went through the reports, there is a later state of the infrastructure report, but in only one category had there been an improvement in the zero to five years' category. In all other categories there had been a decline in those categories. That shows a lack of focus. There is nothing more important than maintaining the age of the equipment that we have in our network.

I come back to the point about the government making statements. I will address an issue that has been raised in this chamber at other times as well. The government announced the closure of the coal-fired power stations in Collie. When we raise that in this place, the government comes back—we have heard it today—with, “Well, your policy was to close the coal-fired power stations by 2025.” I have explained that very clearly, and it has been explained in a number of places, that that was the policy that the Liberal Party, not the National Party, took to the last state election. Perhaps the minister could correct his barbs at the Leader of the Opposition and the Leader of the Nationals WA that he made in the chamber today. What I made clear to my colleagues at the time, and what I have made clear subsequently, was that that was a foolhardy policy. Parts of that policy were very good. I note that the government has adopted a significant number of those policies, such as the electric highway. I hear the minister talking now about the 500 kilovolt line to Oakajee from Three Springs, because that is critical for the energy transition that we say we are going to enjoy in the state. That forced closure was wrong and we are seeing that demonstrated in spades now.

I will go through this in some detail because the minister makes all sorts of assertions about this, but that forced closure at the earlier date will cause, and is causing already, difficulties and will cause energy instability in the future. The government has announced the closure of Muja C by October 2024 and the rest of the government's coal plants by 2030. There is nothing magical about 2030 in terms of climate. I am sure the minister will correct me if I am wrong as I do not have the number off the top of my head but we are about 12 per cent of the population and we probably consume a bit more energy than the rest of Australia, but it is a small amount of energy. Australia accounts for 1.2 per cent of global emissions of carbon dioxide. China's emissions of carbon dioxide or carbon dioxide equivalent increase every six months by more than Australia's total emissions. Although the government can have noble aspirations, the idea that anything we do in Western Australia will have any material effect on the global environment is factually immeasurable. It is nonsense. The minister might say that we are setting an example for others to follow and the like but there is nothing magic about the 2030 date. The unreliability that we are going to see in our electricity network because of that date and the threat we have right now because of it will be very measurable to the people of Western Australia.

Of course, the worst of the consequences will be after the next state election. The decision was supposedly part of the Minister for Energy's detailed and costed energy plan. I will go through a little bit of what I understand to be that detailed plan in a little while. Nevertheless, it was supposed to have been thought out. The Australian Energy Market Operator highlighted the increased risk of outages and lack of electricity supply due to the closures. What happened next? The ironclad decision that it was going to be closed by that date suddenly became flexible. The government subsequently announced that it would delay the closure of Muja C by six months to get through the 2024–25 summer. Something that was well thought out, well-planned, and well-analysed by the minister's experts suddenly was moved by six months. I will make a prediction here that all the closure dates are going to move out because they have to. They have to if we are going to have reliable energy in this state. If the minister had a detailed plan and analysis, he would give clarity to the coal-fired power stations. The government will not be able to simply keep pushing it out by six months at a time. It made that announcement without knowing how it is going to replace the power—just on a hope and a prayer that, through the mechanisms of AEMO and the market, somehow it will magically cover that gap. That is not a plan. We saw the farcical situation last summer when coal from Newcastle came in. We sort of heard it cost something around \$350 a tonne. Perhaps the minister can correct me, but I think that is about right. The next thing we saw in this farce of bringing coal in from Newcastle to replace coal that we could not get from our own coal mines was that it was of such low quality with such a high ash content that it could only be fed in at a small percentage of the total feed. Did it help? It probably helped a bit but at enormous cost. It was because the government is making these decisions on the run.

Why do I say that the date is a threat now? Will those coalmines make any significant investment in the future? Of course they will not. They will not make the capital investments that they need in the future. Both coalmines are in a perilous financial situation. I will talk a little more about that in terms of where the government has gone more recently. Both coalmines are now in a perilous financial situation with no hope for the future. In fact, the biggest risk to providing coal-fired power even out to 2029 is not the condition of the power station. I was the production manager at Alcoa's Kwinana refinery. We had a 160 megawatt power station that fell under my responsibility. That

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power station was built in the second half of the 1960s—I think it was commissioned in 1966. That power station ran beautifully. Why? It is because it was maintained. Yes, power stations get older and they have other issues but, if they are maintained properly, in fact they can run for a century. There are examples of that elsewhere in the world. Yes, the power stations are old and they are doing a duty that is not suited to their original design but the truth is that they can be kept in good running condition out into the future if they have to be. Both Griffin Coal's and Premier Coal's mines are at serious risk of being closed before the power station runs out of functional use simply because of the uncertainty. In fact, in this case perhaps it is a certainty that they will close. They will not make any meaningful investments. They will high-grade their mine. They will just eke out what ore they can get. At some stage, there is a high probability that the sword of Damocles will come down on the ability to finance those mines and they will disappear. If that happens, our state will be plunged into an energy crisis. That is why I say it is absolutely certain that any rational analysis of our energy demands going out even past 2030 indicate we cannot achieve a reliable power supply without those coal-fired power stations, unless there is a major upgrade in the gas generation capacity in the state. Given that existing users will remain at about the same use, that will require a major upgrade in the gas pipeline. On that other score, I think there is enormous and absolutely false optimism on the part of the government that the heavy gas users such as my former employer can make any meaningful transition away from gas as their energy supply. I am going to go through that in a bit of detail in my contribution. It is for exactly the same reason that the government, through whatever mechanism it is procuring power in the south west interconnected system, will struggle to achieve the goals that it has set.

The risk is with the announcement from the minister that the date is flexible and can be moved out. I believe that opportunity will be taken away from the minister because those businesses simply will not be making investments. Why would they when they know that their major customers are going to disappear in a handful of years? We hear lots of announcements. We hear announcements at budget time of the \$126 million for planning and early works on the grid. We talk about the planning. This was when we already had a plan, apparently, but now there is an announcement of another plan of \$126 million. Maybe the plan was not so swish after all. The other evidence is the release of the *SWIS demand assessment from 2023 to 2042*. The demand assessment report is self-described as “only the first step in the journey towards transformation of the grid”. There is a lot of work to be done yet and it is only the first step. It is a fascinating report, members. I suggest they print out the report, then get themselves a magnifying glass to try to read it! I thought this is clearly a report printed not to be read. If members blow it up on their computer screens —

**The ACTING SPEAKER (Ms M.M. Quirk):** Member, for the ease of reading *Hansard* in the future, I suggest rather than saying “this report”, you might refer to it by name.

**Dr D.J. HONEY:** I thank you for your guidance, Acting Speaker, I mentioned that it was the *SWIS demand assessment from 2023 to 2042*.

**Mr W.J. Johnston:** What's wrong with it!

**Dr D.J. HONEY:** I have the printed version off the web, minister. I do not get the fancy versions!

**Mr W.J. Johnston:** You just have to know how to print a PDF.

**Dr D.J. HONEY:** In any case, it was not the main point of my contribution. It is a fascinating report but very thin. Amongst other highlights —

Several members interjected.

**The ACTING SPEAKER:** Members, sorry I distracted the member for Cottesloe. I apologise.

**Dr D.J. HONEY:** Thank you very much, Acting Speaker. It is a fascinating report. It is talking about having 50 gigawatts of renewable energy by 2042, something that I believe will never be achieved. This is no detailed plan. This is a thought bubble and a wish list that has been put out there. I do not think it is achievable in any way it does it, but it is not in the detail. Minister Johnston is a very responsible minister. I asked the minister whether I could meet with Energy WA. That was last week. My office contacted his office.

**Mr W.J. Johnston:** I've never refused a briefing.

**Dr D.J. HONEY:** No, he has never refused it. You are very good, minister.

I indicated that I wanted to understand the plan. On a number of occasions, the minister told me that there is a detailed plan. I want to understand that detailed plan to see where we are going. Yes, at the end of the day, we are interested here in our own advantage and proving the government has done the wrong thing, but more than anything else, I care passionately that in the next short few years, but also more critically in the next decades, we have something achievable that will not cripple our state. Unfortunately, the information I have to hand indicates that that is where we are heading with government's announcement and the way it is doing it. We do not have that level of detailed focus and analysis. As I say, we had this statement that the government was definitely going to shut these coal-fired

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power stations. No problems; the minister had it all sorted. Suddenly, the date is moving, and then we hear statements from the minister that, “As long as we need to keep them going, we will keep them going.” That does not sound like a detailed, well thought out plan on behalf of the minister. We face serious problems with fuel supply. I have discussed serious problems with coal. I do not know what the government’s contingency is if Griffin Coal and Premier Coal close—who knows whether it will be one or both—but we know the government is pouring in millions and millions of dollars. I think the government has poured up to \$30 million into Griffin, and we can see no end to that contribution. I have said in this place that the government has to do what it has to do to keep those coal-fired power stations running. When I originally raised this with the minister, I remember he said, “It’s up to them; it’s private. There is nothing we can do.” But the minister subsequently discovered that there was something he could do.

**Mr W.J. Johnston:** No, that was the minister for state development, not the Minister for Energy.

**Dr D.J. HONEY:** I bet the Minister for Energy had a fair hand in it. I would imagine that his solicitations encouraged the Minister for State and Industry Development, Jobs and Trade. He can argue which minister did it, but I will talk about this government—that is, how I am told that nothing can be done, yet suddenly something can be done. Clearly something could be done about that. Good on the government. The government had to take a particular step, and it was sensible one, as opposed to the ridiculous step of getting coal from Newcastle and bringing it all the way to Western Australia at an absolutely enormous cost. It was probably six or seven times the cost of the coal from our mines in Collie. It is very clear we will need it.

The other problem we face is gas supply. The two issues with gas supply are quantity and cost. If anything is absolutely clear, it is that gas will be pivotal to electricity and energy security in Western Australia for as long as any of us can foresee—in fact, probably for as long as most of us in this chamber will be alive. This is because of the dream of renewables. Unless there is some major technical breakthrough, gas for thermal energy generation will be pivotal to energy reliability in this state for as long as any of us can foresee.

I take a slight detour to congratulate the government’s support for the Hazer pilot plant in Cockburn. I visited the pilot plant and it is a remarkable piece of technology. If that process works and the cost estimates are even close to accurate, it could provide the solution for carbon-free emission hydrogen production from natural gas, and underpin a transition to carbon-free emissions in our economy and for our customers overseas. I will not go through or quote the costs it provided to me, but I was mightily impressed by those proponents and the pilot plant it is building. On that score, facilitating that pilot plant is probably the one area in hydrogen in which I give the government kudos. I see the Minister for Water sitting in the room. Minister, facilitating that pilot plant was a really positive step for this state. If it works, it will transform the state’s energy situation. If it comes to pass, as believed, we will not be having this debate in the future. I know I am labouring the point, but I am genuinely very impressed by that process. I think it is a really remarkable step forward. It is the only tick I will give this government on hydrogen, because otherwise its hydrogen dreams are an illusion.

We will need coal for some time, but, in particular, we will need gas for some time. As I pointed out, the reservation policy started under the Court government; that is, the first use for all gas had to be in the state. That was then formalised under the Carpenter government as a percentage. In fact, we had the policy of first-use gas coming into the state from the start. It was then formalised under the Carpenter government as a percentage rather than saying “first use”, which was in the original state agreements. That has underpinned reasonably priced gas in Western Australia.

But there is a real threat to our gas supply. I am pleased the minister today acknowledged the statements in relation to my question on Scarborough gas coming into our system, because when I contacted Woodside about it, I was surprised by that statement. I was told what the minister was told—namely, that that gas will come to market. Whichever customer that goes to potentially provides supply, but there seems to be a new activism in the Federal Court. The Scarborough gas field project has stalled and the seismic work cannot be done. Woodside has said that it has not held up the project’s trajectory at this stage, but it will if that matter is not resolved. That would then affect Browse. Meg O’Neill said recently that that was an enormous risk for this state. We have a federal Labor government that has been silent on that problem —

**The ACTING SPEAKER (Ms M.M. Quirk):** Sorry. Member for Vasse, do you have a point of order?

**Ms L. METTAM:** No; sorry.

**Dr D.J. HONEY:** The federal Labor government has been silent on that. What has the state government done? It hid behind the federal energy minister, Hon Madeleine King. I know Madeleine King reasonably well. In my former life, I had quite a bit to do with her and she is a very good person. When it came to fixing the GST, we were not hiding behind a federal minister. I heard the Premier of the day, Hon Mark McGowan, over in Canberra soliciting directly on that matter cajoling the federal government to change its mind on GST, yet we see here that the state government is apparently just waiting for Hon Madeleine King to resolve it.

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I want to go through the issue of the transition to renewables and more generally our immediate electricity problems. I will go through this now because I think it is extremely worthwhile. There seems to be a misunderstanding in the area of renewables. I will use very general terms. Peak demand in the south west interconnected system network is around four gigawatts. That is at peak demand; it is a bit more than that, but for the sake of argument, it is that. There seems to be a view amongst many people that, “Well, we just need four gigawatts of renewables to replace that, or maybe a little bit more.” There is a fundamental problem with renewables, and I do not think members in this place, including the minister, understand the core issues associated with the transition or the difficulty of the plan that he has proposed.

I am going to refer to some work by Mark Chatfield. The minister came into this place and made some extremely pejorative comments about Mark Chatfield that I think were beneath the minister.

**Mr W.J. Johnston:** I want to make it clear: he is not guilty of insider trading.

**Dr D.J. HONEY:** There we go. The minister can say that until the cows come home, but I believe the work he has done is important, and it is important for the minister and Energy WA to take note of that. I refer to an analysis he did. An analysis of energy in 2022 in the south west interconnected system indicated that 65 per cent of south west interconnected system energy came from fossil fuels, and it was about that in 2023 as well. Of that, coal provided 29 per cent; gas, 35 per cent; and distillate, one per cent. Domestic solar accounted for only 15 per cent; commercial solar, two per cent; and wind, 18 per cent. There was also another one per cent.

It is important for the minister and members to understand something about renewables and the contribution they make to the south west interconnected system network. If we look at the capacity factor or the average output, the capacity factor is simply the average output of an energy generating unit versus its installed capacity. If it is a 100-megawatt unit and there is an average of 50 megawatts across a year, it has a capacity factor of 50 per cent. Of the wind turbines in the south west interconnected system, the average capacity in 2022 was 40 per cent, but —

**Mr W.J. Johnston:** Member, do you know that that is 10 per cent higher than the world average?

**Dr D.J. HONEY:** Sure, yes. As the minister and I both know, there is no better place on earth for the combination of the two, particularly between Geraldton and Karratha—the midwest. But even in other parts of the state, it is pretty tidy.

That was an average output of 40 per cent, which sounds okay, but here is the rub: on any given day, the minimum output from the wind turbines was two per cent. That is for a whole day.

**Mr W.J. Johnston** interjected.

**Dr D.J. HONEY:** Yes. The output was less than 20 per cent for 27 per cent of each month and less than 10 per cent for 13 per cent of each month. The maximum output was 90 per cent; it never reached 100 per cent, and we would not expect it to because of maintenance and other issues. The biggest surprise to me was domestic solar. We are looking at a doubling of domestic solar; we have about 2.5 —

**Mr W.J. Johnston:** It's 1.8.

**Dr D.J. HONEY:** We have 1.8, heading for two, and that is going to double up, but the annual capacity factor of domestic solar was 14.4 per cent.

**Mr W.J. Johnston:** Yes, but the problem is that it is almost like 80 per cent; therefore, all other forms of generation get killed, particularly coal.

**Dr D.J. HONEY:** That is right, which implies something, in terms of —

**Mr W.J. Johnston:** It means that coal can't survive.

**Dr D.J. HONEY:** It implies something in terms of what we have to prioritise. I know the minister is preparing for that; he has made changes to the regulations so he can switch it off.

**Mr W.J. Johnston** interjected.

**Dr D.J. HONEY:** I cannot comment on what the shadow Minister for Energy has said in relation to that, but I will say that it is absolutely clear that if we are going to maintain a reliable energy system, we have to have the capacity to curtail all renewables, including rooftop solar; otherwise, we will end up with a serious problem. The problem is the intermittency of that energy source and the fact that batteries cannot provide the substantial backup that we require to keep our energy network reliable.

I will go through that in a little detail. I refer to an example I gave in this chamber earlier. On 10 August this year, before we had a debate on energy, the totality of renewable generation on that day was 6 000 megawatt hours. For non-renewables—coal and gas—it was 56 000 gigawatt hours. The Kwinana 200-megawatt-hour battery array has been installed for \$150 million. If we were to provide all that backup with battery, it would be a \$50 billion

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investment. I know that it is not the government's plan to back it all up with battery, but that illustrates that the idea that we can get rid of natural gas in the longer term is wrong. Unless there is a major technological breakthrough in energy storage—the only candidate would be hydrogen—or the Hazer Group technology works at the cost that it says will be economically viable, we cannot do that. Batteries are useful in the network but they are only part of the solution, and they are an extremely expensive solution for the reliability they provide to the grid.

The major problem with batteries is that they discharge and have to be recharged. The problem with the scenario presented by the government in respect of batteries in the grid is that on many occasions batteries will need to be recharged by gas-fired power. The problem is that once a battery discharges and there is insufficient renewable capacity, the days around that will have insufficient capacity as well. It is not as though we can discharge a battery for four hours and then magically charge it up. As I said on 10 August, every single bit of renewable energy for that entire day was being consumed by the network because it was such a low return on all the units. It was a cloudy, windless day. That is true across the year, and this can be modelled in detail.

The idea that we can have a battery that can magically recharge itself is wrong; the battery does not magically recharge itself. The battery can only be recharged if there is excess capacity coming into the grid. That point seems to have escaped the minister. I have discussed this point before, and the minister says, "Oh, no, don't worry. The battery can be recharged, so you recharge it and discharge it." That is only the case if we have that excess capacity.

I mention those low-capacity factors because with renewables we do not need twice or three times redundancy; we need four, five or six times redundancy in terms of total generation capacity to provide stability in the grid. One might say, "So what?" But the minister knows that if we have that additional redundant capacity in the network, someone has to pay for it. The government is not building it; private operators are building it, and they will only build that capacity if they have a guaranteed market—either take-or-pay or some other arrangement—to pay for that capacity. Who ultimately pays for that? It is the customer. That is the problem with renewable energy.

Let us just stick to the four-gigawatt peak; I know it is not that exactly. If we have 12 000 megawatts of installed capacity, on any given day we can only use 4 000 megawatts of that capacity, so most of that capacity is not used. We cannot charge for that capacity on a fee basis unless we want massively, wildly varying energy prices, which I think we have avoided well in this state, which I have discussed before. We have to pay for that installed capacity. We pay for that; it is contractual. In this case, it would have to be Synergy providing that through the arrangements made by the Australian Energy Market Operator for people to provide that installed capacity, but, in fact, if we look at the plan going forward, most of the time, most of the renewable energy capacity will not be used. I have heard the argument in this place that other industries will pick that up. No-one is going to build a major industrial facility that is based on intermittent energy supply—no-one. Those facilities need a steady supply of energy. Unless it is using that intermittent energy to displace and be backed up by hydrocarbon source or some other stored energy source—it is not going to be batteries because they are simply unaffordable—then it will be paying an enormous price for its electricity.

There is one absolute certainty with the plan put forward by the government at this stage, and that is that energy prices and costs in Western Australia, like the rest of the world, are going to escalate enormously, and that escalation will be particularly accelerated as we take coal out of our fuel mix and move to the commitment of an 80 per cent reduction in carbon emissions by 2030.

I will not have time to go through all this. Perhaps I will go through a bit of the battery cycle analysis. We can go through and do the analysis. The minister has mockingly said to me in this place before, "You don't understand, member; those batteries get discharged and recharged." As I have said, they can only be recharged if there is actual excess energy in the grid. We can go through it; this is not a hard analysis to do. The analysis that Mark Chatfield has done in this paper is not based on a hypothetical; it is based on a full year's real data. It is real data.

**Mr W.J. Johnston:** No, it's not. That's not correct.

**Dr D.J. HONEY:** I do not think the minister has even seen this presentation, so I do not think he can say that. If he looks at it, he will see that there are extended periods in which the only way someone will be able to recharge the batteries is by recharging them with gas. Batteries make very little difference. If we look at a system and go across the data from that period, if we go from one battery to eight batteries—these are the 200-megawatt hour—and we look at the cost, there is a cost here of \$8 a gigajoule for gas, which is probably realistic for the future; it is maybe a little more than some contracted prices at the moment. If we have that much battery power in the system, we will save \$66 million per annum in gas costs, but we will spend \$1 billion in batteries. If we go to 50 batteries, we will save \$120 million on gas—we would pay an enormous amount for curtailed energy—but those 49 batteries would cost \$7.5 billion. That is the problem with batteries on any mature analysis of our electricity system; most of the time, we do not use them, so most of the time they sit there idly, and when they are discharged, we have to recharge them.

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That means that to provide even that small amount of electrical stabilisation, batteries are enormously expensive. Again, who pays that cost? It is the customer of Synergy—the person who is buying that electricity.

What we have seen right across Australia and will see in Western Australia is that as we move to a higher percentage of renewables in our network, our electricity prices in this state will go higher and higher. Prices will go higher than they would need to if we had a more ordered transition that was not relying on hope and was relying on proven technology to provide energy stability in the state. That is why we need a costed plan. Our costed plan not only includes the cost of the technology, but also has to include an accurate forecast of the cost. The trouble is that this minister and others come into this place and talk about the levelised cost of energy. They say that for a given unit of generation, the levelised cost of energy, which is the average cost of energy across the life of the asset, is lower than gas, for example. That would be true if all energy could be provided by that facility at the required capacity, but what I have pointed out is that we need many times the redundancy in the network. When we look at the levelised cost for all that redundant equipment, we see an enormous increase in the unit cost of electricity—why? It is because most of the time, that excess renewable generation capacity is not working. Once the network has reached capacity—in this case, we will say four gigawatts—and once the batteries have been charged up, all those facilities have to be turned off, because the grid cannot take in any more energy.

It was interesting to listen to the minister. I think I have heard this question asked in this place at least half a dozen times, but even today we had a Dorothy Dixier about the coalition and its record on energy prices versus the Labor government. The minister's memory of history is very convenient, but the collective memory of my colleagues goes back a little before that. Minister Johnston replied to a question asked in Parliament on 21 March 2023 about energy costs to the state, and again in the chamber today he talked about the 97 per cent electricity cost increases under the Liberal government.

Of course, what the minister conveniently forgets and does not report in this place—I think it is misleading for him not to do this—is that that was a direct consequence of a Labor government policy. These were Gallop–Carpenter changes. I have here a press release from 4 April 2008 titled “State Government to phase in electricity price increases” from the then Premier, Alan Carpenter. It states —

The State Government has rejected an Office of Energy recommendation increasing residential electricity prices by 47 per cent in 2009–10 and 15 per cent the following year.

That is a total of 62 per cent. Instead, it was going to increase that cost by 10 per cent a year, year on year, for six years—so, from 2010 to 2016. Of course, what happened was the Liberal government inherited the utterly failed so-called reforms of our energy sector by the Carpenter government, and those massive cost increases were borne and responsibly dealt with by that government. It is utter nonsense to say that that was somehow due to Liberal government decisions, and it is utterly misleading to say that it was due to some mismanagement of the Barnett government.

What have we seen under this government? Since 2017, supply charges have increased by 127 per cent. I might say for those members in this room who care about people who are doing it tough that the one thing they cannot escape is the connection fee or that supply charge. They cannot escape that, and they got belted over the head with it.

The electricity price has increased by 16.4 per cent, so it is still significantly above average inflation over that time, but it is a more moderate increase.

**Mr W.J. Johnston:** Inflation is five per cent!

**Dr D.J. HONEY:** It is now, but it was one per cent and so on for the first couple of years, so as I have said —

**Mr W.J. Johnston:** Yes, but over seven years, 16 per cent is way lower than inflation.

**Dr D.J. HONEY:** I know; I am not caning the minister for this one. I am saying that is a moderate increase, but what people cannot escape is the supply charge. What we will see with absolute certainty in the future because of the policies that this government has brought in now is very substantial increases over the next few years. These are not only my concerns. Regarding supply, I covered the *2023 Wholesale electricity market electricity statement of opportunities* a little today in a question to the minister. Let us look at a couple of highlights out of that report. It states —

- **The supply-demand outlook indicates an urgent need for investment by capacity providers to supply the SWIS to meet the WEM reliability standard ...**

...

The anticipated exit of coal-fired power generation capacity within the next decade will result in a substantial reduction in overall supply capacity.

...

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**• To meet the reliability gap and satisfy the RCR —**

That is the reserve capacity requirement —

**for 2025–26, expedited progress of a robust pipeline of probable projects is necessary.**

For the interest of members in the chamber, this is the gap that the Australian Energy Market Operator is forecasting. This graph is the 2023 WEM statement of opportunities versus the forecast available. That is an enormous gap. Even the member sitting next to me thinks that is an enormous gap. The minister says, “On a hope and a prayer” that we will have that met. Regarding the reliability of it, which I covered today in my question, it is very clear from this report that we have seen declining reliability of this system.

**Mr W.J. Johnston:** No, we haven’t.

**Dr D.J. HONEY:** Yes, we have. I was fascinated that the minister said today that we had not had a blackout in seven years.

**Mr W.J. Johnston:** We haven’t had an outage in seven years.

**Dr D.J. HONEY:** We have not had an outage in seven years.

**Mr W.J. Johnston:** Tell me one!

**Dr D.J. HONEY:** We have had plenty of blackouts in that time. I know what the minister is saying. He is saying that in terms of the capacity to supply, we have had the capacity to supply. AEMO has made it clear that we have seen an increase in the unavailability of units. That is a decrease in reliability of those units. That is in the hands of the government. As I have pointed out, I have worked in this environment. Yes, as equipment gets older, we have an issue with reliability, and the job is to maintain the equipment to keep it operating.

Regarding the overall demand in the network, removing the coal-fired power stations will take out almost 1.4 gigawatts. If we look at the potential for the Bluewaters power station shutdown, there is an even greater —

**Mr W.J. Johnston:** What does the AEMO report say about Bluewaters?

**Dr D.J. HONEY:** I will read it out if the minister likes. It states —

Accounting for recent challenges in coal supply, mounting economic pressures posed by alternative energy sources, escalating fuel and operating costs, and increasing demand for sustainable energy, AEMO’s modelling assumes that the Bluewaters Power Station will exit the WEM from 2030–31.

**Mr W.J. Johnston:** That has nothing to do with the government of Western Australia.

**Dr D.J. HONEY:** It absolutely does, minister, because who is a significant customer of Bluewaters power station? It is the government.

**Mr W.J. Johnston:** No.

**Dr D.J. HONEY:** It is into the south west interconnected system.

**Mr W.J. Johnston:** That is not correct.

**Dr D.J. HONEY:** That is not incorrect. It is correct. It provides power into the SWIS and it is obviously critical for the Worsley Alumina refinery.

**Mr W.J. Johnston:** Not according to AEMO.

**Dr D.J. HONEY:** It absolutely is, in terms of providing emergency backup for it as well. The coal from that coalmine is absolutely critical. If the Bluewaters power station closes, I cannot see how it will be possible for that coalmine to keep operating.

**Mr W.J. Johnston:** Have you read what South32 is doing?

**Dr D.J. HONEY:** I have seen what it is doing, minister. I have gone down and spoken with South32.

**Mr W.J. Johnston:** It is converting to gas.

**Dr D.J. HONEY:** It is, but that is a managed and extremely expensive program for that refinery, and it is being forced by the potential closure of that power station.

Some CEOs are happy to stand next to the minister and agree with whatever he says, but a number of CEOs are becoming increasingly concerned about this transition and the forced closure of the coal-fired power stations. One of those CEOs is Ryan Stokes, the chairman of Boral, amongst other companies. He is a very impressive individual, I might say. He is talking about this issue Australia-wide, but these comments apply to Western Australia as well. Ryan Stokes says —



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“We run the risk of sleepwalking into an energy crisis”.

Moving steadily to renewable energy makes sense, but he believes it is crucial that gas is fully harnessed as a transition fuel and that it is nonsensical to retire coal-fired power stations before a fully reliable replacement system is up and running.

The minister has not demonstrated that we have a plan to deliver fully reliable power in Western Australia, and he has not presented that plan with detail. I will contextualise this. When we look at the *2022 Western Australia gas statement of opportunities: Market outlook to 2032*, and the two lines on this graph, we see that the lighter line is the 2021 gas statement of opportunities and the purple line is the 2022 gas statement of opportunities. That is when the coal-fired power stations are closed. Look what it does to the gas requirements in this state, because the only way that we could even get close to providing reliable power is if we have a significant increase in the use of gas in Western Australia. When we look at that gas statement of opportunities, we see that we are facing a potential gas shortage as well. As I said, if we have the push out of Scarborough and Browse, that will exacerbate this difficulty. The minister has to come to us with the detail. I am looking forward to the presentation from WA Energy, because I do not believe that sufficient account has been taken of the intermittency of renewables. There is an enormous amount of wishful thinking. It is not the amount of energy over a day but the amount of energy over those much shorter periods that will define whether we have reliable energy in this state.

I do not believe the minister has demonstrated that he has a plan for reliability going forward. In particular, the minister should come clean to the people of Western Australia about what this transition will cost, and how much it will cost if we see the premature shutdown of the coal-fired power stations in Collie. I will hand over to my fellow member.

**MR R.S. LOVE (Moore — Leader of the Opposition)** [4.57 pm]: I am very pleased to contribute to the motion —

That this house condemns the WA Labor government for its poorly focused approach to the management of our state’s energy needs that is creating increasing uncertainty over the ability of our energy sector to deliver reliable and affordable energy for households and businesses.

I note that during question time, the Minister for Energy commented that this debate would start off with an hour-long presentation from the member for Cottesloe, and then a series of opposition members would get up and rehash all the issues that exist in their electorates. I do not want to disappoint the minister, so I will begin by talking about the situation in my electorate in the midwest area of the state.

During some of this discussion, I will refer to Western Power’s recent report *Electricity Industry (Network Quality and Reliability of Supply) Code 2005: Annual reliability and power quality report for the year ended 30 June 2023*. This was released at the end of September. It is quite a current report, I should think. I acknowledge the work that has been undertaken in the midwest to wash and silicone-coat power insulators in the area, but I still note that the report makes reference to areas in the midwest that have experienced more than 16 interruptions in the 12 months to 30 June. The total number of payments for extended outages for supply interruptions exceeding 12 hours is valued at \$2 325 960. I do not yet have the latest figures for the local government areas, but the report outlines a 12-month period that reinforces that regional people experience poorer power reliability, particularly in the midwest where it is still woeful. I have said many times in this place that it is unacceptable that the local government areas I represent have such poor provision of power. The environmental conditions have not changed dramatically in the midwest. It has always had dry, hot summers, wind, dust and salt spray, and it appears to have always had unreliable power. One would think that after 50-odd years of providing unreliable power, some solutions would have been found, but they have not been. I will highlight a couple of issues outlined in this report. The report is from September and it outlines the reliability of power supply. It states —

The standards prescribed in the Code require the reliability performance measures to include all interruptions, greater than one minute in duration, with no exclusions. The Code sets a higher standard of reliability performance than historically required under Western Power’s Access Arrangement as approved by the Economic Regulation Authority. Western Power is developing a long term program of work to target the measure in the Code which does not result in significant cost to the customer for the higher levels of reliability.

We can see an expectation that the reliability will improve. As we go through this, I might just reflect on how that has been undertaken. The report mentions under “Targeted activities” —

- Temporary deployment of generators and portable connecting transformer (injection units) for selected regions. In the 2022/23 period, temporary islanded networks were created for some periods of time in Kalbarri, Mullewa, Port Denison/Dongara (prior to installation of a static solution in February 2023), Perenjori —

And, in the member for Central Wheatbelt’s area, Quairading and Pingelly. It also mentions —

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- Extensive work with the Department of Fire and Emergency Services to enable the review of our outage restoration process to enable faster restoration.
- Fire risk assessment methodology has been reviewed and the bushfire response has changed accordingly. The aim is to improve fire movement prediction and to find improved and safe ways to reduce power outages duration.

I have raised these matters many times going back to 2013 before this government was even in office. There have been issues during total fire bans and during the harvest movement bans for regional people who are experiencing power outages not being able to have their power reconnected. It is encouraging to see those words in the report. Summer is coming and the proof of the pudding will be in the experience of the people in the regions. We can only surmise that especially things like the silicone coating of certain power lines will assist, but I am certain that I will receive many phone calls in my office over the next few months from people who are very grumpy that their power has been out for several days. The report goes on to say —

... the 2022/23 plan to supplement its existing fleet of emergency response generators for summer readiness and remains on the path to acquire further generators.

I suspect that many of those will be required in my electorate. The report ends that section by saying —

We note that some programs of work for regional areas have improved the customer's felt reliability experience, —

Apparently, a “felt reliability experience” is a term that is used —

but not necessarily improved the overall reliability performance due to the small number of customers impacted. This however is important work as many of these small regional towns have longer term reliability challenges. We are committed to not becoming fixated on overall average performance to the detriment of reliability of small regional communities.

That is very laudable but the felt experience that is still being reported to my office is not positive. These communities are extremely fatigued by the many years of unreliable power and, until now, apparent brickbattening about any problems that have been reported. I note that there is a claim that changes are being made. We will pass judgement at the end of summer about the effectiveness of those.

I refer to the heading in the report “Performance — Interruptions exceeding the permitted number of times”. That refers to the level of performance for different areas of the state. One area is called “other areas”. Apparently, everyone in my electorate lives in “other areas”. A table in the report shows the urban areas, including the Perth CBD, urban areas outside Perth and “other areas”, which is my area and, I would assume, the electorates of other members of Parliament. Within my electorate, there are many, many very small communities and they are the ones that are the most impacted. The report goes on to say —

Customers in Other Areas who experienced more than 16 interruptions were predominantly located in the Mid-West region.

That is my “other area” of the other areas.

I will highlight some of the performance matters for those other areas in terms of the length of time of outages per annum. I note there has been a fall in the length of time per annum for outages in 2022–23 compared with 2021–22. It has fallen from 1 077 minutes, which is actually quite a lengthy period, to 718 minutes per annum. Minutes per interruption, which is the average time for that event for each particular interruption, is 144 minutes, which is two hours and 22 minutes without power.

In the areas that were impacted by cyclone Seroja around Latham in the Shire of Perenjori and areas east of the Shires of Coorow and Carnamah, there has been a program to put in standalone power units. The report notes the effectiveness of those units. We can see that the average length of all disruptions for the new standalone power systems stands at 509 minutes and the average number of minutes per interruption stands at 769. That looks like it is typically at least 12-plus hours for each interruption.

These units are remote from a town. They are located on an isolated farm or some other location. It has been reported to me—I have mentioned this to the minister before—that people have had problems with power reliability from their standalone systems. The minister is aware of that. I think that some of those situations have been addressed after some toing and froing, but it is not a panacea and there are still issues when a system is remote from the service centre and it could take some time to address if there is an outage. However, the total length of interruption seems to have significantly improved, although the average length of interruption is very long. Hopefully, that issue can be addressed in the future so that the average length of interruption time can be brought down.

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Another thing I want to touch on that has been touched on before is still an issue. I refer to the time it takes Western Power to get connections to developments across Western Australia. We know that power connection times have blown out to up to 18 months. That is how long some people are waiting to get their power connected. This is at a time when we have a housing crisis and we need development to occur and for people to get into their houses and businesses so that we can keep the state moving. There is quite a history of this. The minister is well aware of the issue; we have brought it to his attention. He has not really been able to advance any solutions to this issue at this point. An article by Kim Macdonald in April 2023 states —

**Year-long power delays add further risk to the housing crisis**

It refers to the threat to new housing and heaping costs upon developers —

Construction of the Mandurah development will be finished in October—with tenants due to move in immediately—but Western Power will not be able to connect it to the grid until the middle of next year.

That report is dated back in April. The same journalist wrote a more recent article dated Wednesday, 25 October titled “‘Unacceptable’ delays for power hold back opening of Fini Developments’ new East Vic Park daycare centre”. That is another instance of the impact this is having on an important facility. We know that along with housing, child care is another area of critical shortage. Surely we want to see these development getting underway as quickly as possible. The article states that Fini sought a power upgrade in September last year, but it is not going to get it any time soon—the middle of next year is the expectation. From September last year—not this year—14 months has passed, and it will be another seven or eight months into the middle of next year before the upgrade occurs. It does not say the actual date in the article, not that I have seen.

That article illustrates that this is an ongoing issue that is affecting critical development in our state, so it needs to be addressed. This is further evidenced in a WAtoday article of 14 November last year titled “Western Power chokehold blocks Perth home builds”. Again, this goes to show just how long this has been going on. This problem has not been addressed. A year ago, in November last year, the article by Sarah Brookes outlines —

... the shortage of tradies and supplies hampering the construction of new homes in Perth, with industry insiders reporting land is sitting idle for months while developers wait for approval to build power infrastructure from Western Power.

That situation continues and I do not think it has been adequately addressed. If housing supply is to increase, it is critical that projects like this can have their power connections taken care of. We cannot have people waiting around for 18 months. Recently, I presented to the house and to the Minister for Energy a number of instances in my own electorate in which the power connections have been woefully slow, holding up important developments in those towns, such as motel apartments, industry blocks and housing—all sorts of development in Western Australia is being held up by our monopoly supplier, Western Power, not doing its job properly. It needs to actually meet these needs in a reasonable length of time. Like everybody else, I am sure Western Power is under pressure, but this is a critical issue. It has been going on too long and it needs to be addressed.

I would like to thank the member for Cottesloe for outlining many of the issues that affect the long-term supply of energy through not only the electricity system, but also the gas industry. I think he has done a good job of addressing that, but I point to the opinion piece today from Senator Susan McDonald outlining the threat to gas supplies that the federal Labor government in Canberra appears to be letting loose upon the gas industry. The Scarborough and Browse projects and Santos’s Barossa off the coast of the Northern Territory are important to the future of gas supply for our country and our customers overseas. The issues need to be taken very seriously. We know that the federal government is funding groups like the Environmental Defender’s Office to make these appeals in an attempt to slow down or stop the development. I am sure it wants to actually stop the developments, not slow them down.

[Member’s time extended.]

**Mr R.S. LOVE:** We need this government to push back, to demonstrate some strength here and to not be rolled over by the federal Minister for the Environment and Water and the green brigade from the inner city in Sydney and Melbourne who want to stop gas production. We have heard from the member for Cottesloe how critically important it is for not only Western Australian householders, but also Western Australian industry. We know that gas is an essential part of reinforcing the electricity network in Western Australia as it can actually kick in and out whereas coal cannot. That is why coal is being phased out over a period of time. We need that gas supply to provide for those variable situations that occur when the wind does not blow and the sun does not shine. Those are issues affecting our state.

I go back to the motion itself. I have spoken about reliable and affordable energy for households and businesses and the government that oversees the situation. We know that Synergy has reported a very heavy loss of over \$600 million. In its 2023 annual report, David Fyfe the CEO states —

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Synergy's financial year result for 2022–23 was a net loss before tax of \$732.6 million, which compares to a net loss before tax of \$429.0 million in the previous year. The net loss in 2022–23 is predominantly due to onerous contracts of \$773.7 million, where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits received under the contract.

The roots of this have been known for some time. In Synergy's 2019 annual report, the then chief executive officer was Jason Waters, who is now at the Gold Corporation but heading to the Perth Airport. I wish him well in his next career. He states in that report —

The decline in revenue across the reporting period is consistent with the trend experienced by Synergy in recent years which has resulted in a \$376.2 million revenue decrease since FY2014–15, due to year-on-year declines of electricity sales despite annual tariff increases.

It goes on to refer to the challenges facing the industry, the adequate levels of revenue available through the franchise and contestable and wholesale markets. It states —

Synergy also faces a significant challenge in not being sufficiently compensated for a raft of services that it provides to ensure the stability and security of the South West Interconnected System ... particularly those related to the increasing penetration of intermittent renewable energy.

In the 2019 report, these losses are being directly attributed to that transition. In the more recent report, we are told that the cause is onerous contracts presumably around some legacy contracts that Synergy faces. On that basis, there is a cost to the state, which is a cost to all Western Australians. Western Australian householders initially might be shielded from that because it is on the state budget and not the household budget, but, as we know, eventually that will flow through to household charges because money, even for government, does not grow on trees. It must be found from somewhere, presumably from customers at some point or the taxpayers, who are largely the same people in any case.

Another matter that should be of concern in terms of affordable energy and part of the Just Transition plan at Collie is the rehabilitation of the mine site there. In question time, I raised the issue that has been raised in the other place by Hon Dr Steve Thomas around the potential for the Western Australian taxpayer to have to step in to fund the rehabilitation of the Griffin Coal site. We know that Griffin has to be supported by the Western Australian government and that that support is quite considerable. The Premier said on 30 August —

... I can confirm that the government has provided \$4.1 million to stabilise Griffin Coal's operations under the process agreement, in addition to the \$23.2 million provided for the period January to June 2023.

He then went on to say that KPMG had been engaged to provide advice to government on those matters. I asked a question of the Treasurer today about that and the response was not helpful, to say the least, in terms of whether there had been any quantification of those costs. I understand that the Department of Jobs, Tourism, Science and Innovation has prepared a report. I do not know whether that report has gone to the Treasurer. I tried to find out whether she had received that report—again, through questions by Hon Dr Steve Thomas—but we did not get any understanding on that. We will be looking at the midyear review. The Treasurer said that if there are risks, they will be outlined in the midyear review. I will be looking for the outline of the contingent liabilities that might be faced by the state.

I will just go back to this question from Hon Dr Steve Thomas because I think it is quite interesting. Part of the question was: who is responsible for the rehabilitation? The answer was —

Griffin Coal Mining Company is responsible for rehabilitation costs of the Griffin mine site.

We are funding a company to the tune of over —

**Mr P.J. Rundle:** It is \$32 million.

**Mr R.S. LOVE:** — \$32 million a year just to keep it going. A former Labor minister and member for Collie, a person who has been involved in the industry for many, many years, claims that the cost of rehabilitation is at least \$400 million. One would think that alarm bells would be going off somewhere, which is why, with a commercial advisory looking at the Griffin situation, I asked the Treasurer that question today. The opposition will be looking to see whether anything is reflected in the midyear review, but woe betide this government if it is covering up a situation and not reporting when it should a potential cost to the state, just as it should if there are any further changes in the situation with Gold Corporation, another body the Treasurer has had a review of through that commercial advisory.

I return to the point that affordability is not the cost to just one sector, but to the whole state, whether or not things are able to be done affordably. It certainly becomes more difficult if our gas supply is interrupted. Apart from the need for the government to properly recognise significant financial threats going forward, this government needs to do more to push back against the federal Labor government, which is threatening the gas supply of Western Australia

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into the future by its interventions in environmental approvals by allowing a situation to develop whereby our companies and great industries are facing hurdles that could mean that projects do not go ahead. If those projects do not go ahead, our gas supply will be at critical risk. This is of utmost importance to the government, as is the situation around infrastructure. The Treasurer spoke strongly in this Parliament today, but she needs to be on the phone and going to Canberra to talk to the ministers there and to make those points to them. It is not much use making the point to me; she needs to strongly support Western Australia against the federal infrastructure minister's plans to cut back on infrastructure spend in this state and she needs to make those interventions on behalf of the people of Western Australia. I will wind up my contribution and allow others to have their say.

**MR P.J. RUNDLE (Roe — Deputy Leader of the Opposition)** [5.24 pm]: I appreciate the opportunity to support the member for Cottesloe's motion that this house condemns the WA Labor government for its failure to adequately prepare our state's energy network and industry for shortages and challenges ahead. I compliment the member for Cottesloe on his contribution today because he covered a lot of territory. In particular, his explanation of the overall energy system—gas, batteries, solar, renewables and coal—and some of the challenges this government has in front of it summed it up pretty well. I understand the aspirations of the government, but we are seeing cracks starting to appear. The other matter the member for Cottesloe spoke about was the correction of the record in relation to the Liberal Party's energy policy announcements in the last election period. I am glad he clarified that today for the record.

**Mr W.J. Johnston:** Sorry; are you saying that that policy was stupid?

**Mr P.J. RUNDLE:** No. I am just saying that I am glad he corrected the record.

**Mr W.J. Johnston:** Do you support it or oppose it?

**Mr P.J. RUNDLE:** It certainly was not my policy, put it that way. It would not be fair to comment on that.

**Mr R.S. Love:** We rejected it.

**Mr P.J. RUNDLE:** Yes, we did reject that policy, Minister for Energy, but I am glad the member for Cottesloe corrected that record today.

I have gone back to look at the Western Power vision. The minister has had in the past a massive workload with the likes of corrective services and energy. The previous Premier seemed to load him up with a number of portfolios, but I think energy is something that will need to be focused on very strongly over the next few years. When the power goes out for 48 hours—this is what a doctor in Geraldton told me a few months ago, and I reflect on it every now and then—there is anarchy and chaos. There are people lining up at the fuel station. There are real issues within the community after a 48-hour period. As I think about it, that is a correct statement, and I am worried what we are going to see over this summer.

**Mr W.J. Johnston** interjected.

**The ACTING SPEAKER:** Member, are you talking interjections?

**Mr P.J. RUNDLE:** Not particularly, thanks.

Several members interjected.

**Mr P.J. RUNDLE:** The Minister for Housing is in here each —

**Mr J.N. Carey** interjected.

*Point of Order*

**Mr R.S. LOVE:** On a point of order —

**The ACTING SPEAKER (Mrs L.A. Munday):** Thank you, everyone.

**Mr R.S. LOVE:** I think you know the point of order, Acting Speaker.

**The ACTING SPEAKER:** I absolutely understand, yes. Members, the member for Roe is not taking interjections. Go ahead, member for Roe.

*Debate Resumed*

**Mr P.J. RUNDLE:** I was going to point out that the Minister for Housing comes in here every day and makes announcements during question time about how he is going to deliver more social housing and housing. However, people all over Western Australia, and property developers, actually want to build houses. They want to get connected to the Western Power network, and they cannot get connected. Someone in Katanning said to me the other day that they wanted to build four houses on their rural block to help with the housing crisis and to increase rentals in the Katanning region. What happened? He rang up and was told, "Oh, we might assess it somewhere in the next

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nine months, and you might be lucky to be connected in the next 18 months.” He actually wants to help; he wants to help with the housing and rental crisis, and that is what he was told. The minister tries to announce things every day in question time in Parliament and he has a real issue. He has to talk to the minister who sits diagonally over the back from him about connecting to Western Power. Property developers are ringing us every second day, almost, saying they cannot get the connection and cannot build those properties. It is quite an interesting conundrum in which the government is trying to build houses and social houses, and trying to improve the rent situation. We also have private people who want to connect their businesses. They are landowners, developers and the like, and also business owners; I have a few in my electorate. It is the same thing; they cannot get assessed. This is the conundrum that people face in not only regional Western Australia, but also metropolitan areas for many of these new land developments.

I come back to the vision statement of Western Power. It says it is “results focused” and —

- We spend our time and money wisely
- We set challenging goals, work hard and hold ourselves accountable to deliver for our customers

That is a good vision statement, but the challenge is for this minister to deliver on that vision statement. I want to put on the record that the Western Power workers who are out and about are doing their best. I know the challenges the minister has with the labour force and so forth. Last night in Katanning, we had thunderstorms and the power went off at around about midnight, but it was reinstalled by early in the morning. Certainly, our Western Power workers are valued. The challenge for the minister is where he is going to get enough workers and enough qualified people to alleviate the issues that the Minister for Housing has. That is a little bit of a summary.

As I said, I am happy with the government’s aspiration to look at the renewable situation, but I am worried about what the member for Cottesloe explained very well—the blend of whether it is coal, gas or battery backup. These large companies need a constant supply of power to operate properly. That is the challenge. I want to report on some of the information that has been gathered in relation to access. A report from Western Power talks about managing ongoing residential and commercial customer connection delays. There are land development processing delays. There is also the AA5 access expenditure arrangements, which talk about an arrangement between the Economic Regulation Authority and Western Power. The ERA WA report states, commencing 1 July 2023, the forecast average change in prices for the period is about seven per cent. It continues —

Prices are forecast to increase by around 7.5 per cent each year for the remainder of the AA5 period, —

That is a five-year period —

based on current forecast inflation.

We know that is what is forecast. As highlighted in the report from the Economic Regulation Authority on 31 March 2023, funding has been included for Western Power to develop and trial a strategy to improve regional reliability. The member for Moore and I talk about regional reliability. Ravensthorpe in my electorate is right at the end of the south west interconnected system network. The minister knows all about it. We talk about this reliability in the regional areas, but what I want to read out is from the budget papers. I quote —

The distribution network is facing both reliability and safety challenges in the regions. To address these issues, Western Power is working to underground more of the metropolitan area network to increase network capacity and prepare for an electrified future for customers, including electric vehicles.

**Mr W.J. Johnston:** What page is that on?

**Mr P.J. RUNDLE:** I am trying to work out how increasing underground power in the metropolitan area —

**Mr W.J. Johnston:** What page?

**Mr P.J. RUNDLE:** — is improving —

**Mr W.J. Johnston:** What page are you quoting from?

**Mr P.J. RUNDLE:** It is from the budget papers.

**Mr W.J. Johnston:** What page?

**Mr P.J. RUNDLE:** I have not got the page on hand, minister. I will let you know tomorrow if you like.

Several members interjected.

*Point of Order*

**Ms L. METTAM:** I have a point of order. The member for Roe has stated he is not taking interjections.

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**The ACTING SPEAKER (Mrs L.A. Munday):** That is not a point of order, but I hear what you are saying.

*Debate Resumed*

**Mr P.J. RUNDLE:** Thank you; I have a lot to get through.

*Point of Order*

**Mr W.J. JOHNSTON:** I have a point of order. Could I just clarify that the member was quoting from a document? Could he name the document and the page number? If he is quoting from a document, he must be holding it in his hand. If he is not quoting from a document —

**The ACTING SPEAKER (Mrs L.A. Munday):** Thank you, minister. That is not a point of order, and I have been advised that he does not have to quote the document, minister. Go ahead, member for Roe.

*Debate Resumed*

**Mr P.J. RUNDLE:** Thank you, Madam Acting Speaker. As I said, it is from the budget papers. The commentary goes on to say —

In regional areas Western Power is installing stand-alone —

Several members interjected.

**The ACTING SPEAKER:** Members! The member for Roe is not taking interjections.

**Mr P.J. RUNDLE:** It reads —

In regional areas Western Power is installing stand-alone power systems and smaller microgrids in areas where it makes sense. This shift towards a modular grid will ultimately help deliver a more resilient electricity network for the community.

I am just reading out from the budget papers.

Several members interjected.

**The ACTING SPEAKER:** Members, thank you.

**Mr P.J. RUNDLE:** They are quotations from the budget papers. Thanks, Madam Acting Speaker.

From the *Annual reliability and power quality report 2023* for the year ended 30 June 2023, the total payments for supply interruptions exceeding 12 hours were \$2.325 million. If I can, I want to go on to March 2023, when supply to around 43 000 customers was interrupted across the network during pole-top fire activity. In the Perth metropolitan area, 35 000 customers were impacted, with a further 8 000 customers impacted mainly in the south west and wheatbelt regions. I am trying to give a picture of reliability. We know the member for Moore, the Leader of the Opposition, gets up and talks about these issues in his electorate time after time. I am trying to point out some of the issues that we are facing in our electorates. Western Power's own comment about regional service delivery was that it notes some programs of work for regional areas have "improved the customer's felt reliability experience" but not necessarily improved the overall reliability performance due to the small number of customers impacted. It said this, however, is important work as many of these small regional towns have longer-term reliability challenges.

I am trying to put a summary here. I want to go on to pole-top fires, which the minister is certainly well aware of. He received my grievance back in May 2023. As he knows, last summer I had a massive amount of inquiries and complaints from shires in the likes of Wagin, Kulin, Pingaring, Lake Grace, Newdegate, Kojonup and Broomehill, and the list goes on. I want to point out the impact this has on some of our communities. Farmers are sitting out there in the paddocks with their firefighting units, waiting for Western Power to turn up. They lose the whole day or the whole couple of days if the local firefighting unit is occupied.

**Ms J.J. Shaw** interjected.

**The ACTING SPEAKER:** Thank you, member for Swan Hills.

**Mr P.J. RUNDLE:** They are trying to run about their normal day of business —

**Ms J.J. Shaw** interjected.

**The ACTING SPEAKER:** Member for Swan Hills, thank you.

*Point of Order*

**Mr R.S. LOVE:** I have a point of order. The member for Swan Hills will have every opportunity to make a contribution of her own. She does not need interject on this member.

Dr David Honey; Acting Speaker; Mr Shane Love; Mr Peter Rundle; Ms Libby Mettam; Ms Jessica Shaw; Mr Bill Johnston

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**The ACTING SPEAKER (Mrs L.A. Munday):** Thank you, Leader of the Opposition. Thank you, member for Swan Hills. Member for Roe, you have seven minutes; let's go.

*Debate Resumed*

**Mr P.J. RUNDLE:** I am trying to point out the challenges with government infrastructure in regional areas. Through no fault of their own, it has a flow-on effect on people's occupations, whether because they have to sit out there for hours on end waiting for a Western Power crew to fix the damage caused by a pole-top fire or there is a fire like the Narrogin fire, when wires unfortunately clashed. That was a tragic fire; it was one of the worst days in that area in living memory. There was a massive loss of livestock, whether it be sheep or pigs or the like, as well as fencing. That fire devastated 18 000 hectares in the Narrogin and Wickepin shires. These are the issues that affect the daily lives of our constituents. It is pretty frustrating, to say the least.

I was pleased when I heard the announcement by the minister of the pole-top fire maintenance program, which from memory will involve about 12 shires over the forthcoming summer.

**Mr W.J. Johnston:** They are using helicopters. It's extraordinary. It's the first time in the world.

**Mr P.J. RUNDLE:** Yes. I certainly welcome that as a method of improving the scenario with pole-top fires.

Something else that the minister knows I have been talking about over time is solar energy connections—I guess they are smaller industrial connections in some ways—in some towns around the wheatbelt. Energy suppliers are looking to connect into the system. There was a trial of the 32-amp or 63-amp scenario that the minister ran over six months.

**Mr W.J. Johnston:** It got fixed; there is no longer an issue.

**Mr P.J. RUNDLE:** It was certainly a good result for regional solar energy providers. That was, I guess, overturned after that trial.

**Mr W.J. Johnston:** It wasn't overturned; it was that the engineering allowed something else to happen.

**Mr P.J. RUNDLE:** I guess part of that, minister, is that we are still having challenges, obviously with wi-fi connections and switchboards. These are the challenges of regional Western Australia, and the minister needs to keep them in mind. A lot of our farms do not have wi-fi connections on many occasions, so trying to work out an arrangement through a switchboard can become challenging. Of course, there are also challenges for some of our local electricians, who do not want to touch solar jobs, and problems with our transformers as well. A lot of the time, a transformer is not up to scratch as far as having enough power to get the job done. That, of course, is fine; people just have to pay another \$20 000 or \$30 000 for another transformer! That makes a solar connection unviable. They are some of the issues that we highlight. There are also some barriers that companies are up against. Even the online applications through Synergy are quite challenging. It is quite difficult to gain access to information through the online Synergy system to hook into the solar scenario. They are some of the challenges.

The other one I will briefly talk about while we are talking about energy is the wind farm situation. I spoke about this a couple of months ago, but it does worry me. A quote from an ABC online news article of April 2023 sums it up. The article, headed "Australians are cashing in on rapid wind farm expansion, but it's tearing some towns apart", states —

... power and money are pitting neighbour against neighbour as this old farming community grapples with a new, rapidly growing industry.

It is very important that we understand that this is creating division in a lot of communities. In my electorate, I have places like Broomhill, Kojonup, Narrogin, Williams, Darken and Ongerup. Collie is on the edge of my electorate as well. These are real issues out there. It is going to create generational grief.

[Member's time extended.]

**Mr P.J. RUNDLE:** It is important that we understand the challenges we are up against in relation to neighbourhoods and families being against each other. I have spoken briefly to the Minister for Planning as well. From my experience, I do not think there is enough regulation of this relatively new industry in Western Australia. I think it will be a challenge for the planning minister going forward.

I will wrap up with a couple of quotes. One is from an article under the banner "The Mining and Resources Sector: Building a Better WA". It probably sums up a little of what the member for Cottesloe spoke about. It states —

Some of Western Australia's largest and most strategic resource projects are at risk due to uncertainty as to whether the state's new low emissions, reliable and cost-competitive energy system will be delivered to the scope and timeframes required.



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The Chamber of Minerals and Energy of WA's (CME) Chief Executive Rebecca Tomkinson said the timely delivery of a low emissions, reliable and cost-competitive energy system was required to decarbonise industry's existing operations and deliver globally competitive green industries in WA, including critical minerals and value-adding.

"There is no net zero without the WA resources sector ...

The final paragraph that I will read states —

"While we welcome the WA Government's direction for transition of the state's main electricity grids, and their constructive engagement with the industry, we urgently need the WA Government to move from admirable aspirations to tangible actions."

I think that comment sums it up.

**MS L. METTAM (Vasse — Leader of the Liberal Party)** [5.47 pm]: I also rise to contribute to the energy debate presented and led by the member for Cottesloe. I will speak in support of this exceptionally important motion, especially in the face of rising competition overseas, the rising cost of living here at home and escalating geopolitical tensions as well. Much of my focus will be on the need for this government to stand up for Western Australia in the face of some challenging issues from a regulatory perspective.

The member for Cottesloe, as the lead speaker in this debate, has already spoken about the ongoing concerns in WA from an energy reliability point of view. What I want to focus on is Western Australia's unique position. WA is rich in resources, such as oil, gas, critical minerals and rare earths. It is unlike any other place in the world. This means that we are in a prime position to support economic growth, job creation and prosperity in this state. We cannot tackle the cost of living without having a strong and competitive state economy. We must ensure that our state is a destination of choice for the many billions in global investment dollars that are waiting to be spent in support of decarbonising our economy. We need to continue to look at ways that we can attract investment to this state. We must ensure that there are avenues available to maintain a skilled workforce, which is part of this, and that we are able to keep up with the productivity requirements of the industry.

Others have already touched on some of the recent statements from the Chamber of Minerals and Energy, the Chamber of Commerce and Industry of Western Australia and leading market players, who have all raised some concerns about these areas. This is crucial for our state economy in not only raising our capital base and expanding our export markets but also creating jobs, raising living standards and developing our regional communities. Western Australia's influence on global markets for LNG, renewable energy and critical minerals should be dominant. We are, after all, a low-cost energy jurisdiction and we have significant land mass. Our potential for leading the world's decarbonisation efforts is second to none, but it is only potential if it is not effectively harnessed. There are hundreds of billions of dollars at stake here that could give a leg-up to multiple generations of Australians and Western Australians.

The taxation streams of government, in the form of company tax and payroll tax, are significant and obviously cannot be taken for granted. Investment in these projects will go beyond the resources. Significant capital investment is often sunk into the development of public transport, infrastructure projects and the expansion of energy projects and networks into local economies, and it produces so many benefits for our state. We need to ensure that we are on the front foot and doing all we can to entice investors; otherwise, we will risk losing them to foreign markets.

Competing with the generous financial incentives on offer, as some of our allies do, is something that we are challenged in, but we have levers to pull with regard to our regulatory processes. Balancing the need to get projects off the ground in a timely way with efficient environmental approvals is obviously absolutely essential. Unfortunately, under both the state Labor government and, concerning, the federal Albanese government, there are significant concerns in this space, such as red and green tape, regulatory approvals, industrial relations threats and mismanagement. It is clear that there is much more we need to do to have a more competitive environment to ensure that the confidence of current and future investment in Western Australia remains steadfast. The most recent example in all Western Australians' minds would be the embarrassment that was the Aboriginal Cultural Heritage Act. These laws went too far and were too complicated. Premier Cook himself admitted that the legislation went too far. He stated —

The complicated regulations, the burden on landowners and the poor rollout of the new laws have been unworkable for all members of our community—and for that, I am sorry.

I wonder what foreign and interstate investors would think about the unprecedented repeal of that legislation.

Since then, we have heard concerns from industry about the duplication of regulations under the Environmental Protection Act. It is clear that, in the face of concerns from the community and industry, the government's first response was not to listen to those concerns but to resort to racist slurs. Our state deserves a leader who unequivocally stands up for the interests of Western Australians above all else. We cannot afford this weakness when the Premier

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stands up for the likes of Prime Minister Albanese and east-coast Labor. It is no secret to industry that since the federal Labor government came to power there have been extensive and costly delays for environmental approvals. There are concerns about further issues in this space and what that reality will be for the gas sector.

This is not particularly surprising, given the government's obsession with eliminating all forms of energy that do not start with the word "renewable". Not only does this risk our domestic gas supply, it also constrains the role that gas can play in Australia's energy transition towards net zero emissions. If we are going to lower our emissions, it must be done in a way that does not come at an increased cost for Western Australians. Hundreds of thousands of people are already struggling with the rising costs of living and higher electricity bills. This will only tip more of our community into financial insecurity. Our reliance on gas to do this is absolute. We on this side of the chamber understand that, but it is increasingly obvious that the government does not. We call on the Premier to stand up to the federal Labor government.

Ryan Stokes, interim chair of Beach Energy, said at that company's annual general meeting yesterday —

"The current ambiguity and complexity of the environmental plan approval process is a major risk to new projects.

Processes that may previously have taken months are now taking close to two years. It is easy to understand where these delays are occurring when it comes to government. If there is a will, there is a way, and it is clear right now that there is no will from the Albanese government to get these approvals off the ground. Mr Stokes also warned —

... the industry must have confidence in a supportive regulatory environment, otherwise our domestic energy transition is at risk of failure."

The reality is that the federal government is making it much harder to get projects off the ground. Imposing onerous and lengthy regulatory requirements on these businesses has had an adverse impact on their bottom line. It further frustrates investment and will undoubtedly have an impact on Western Australia if our Premier does not stand up for this state. Not only is industry competing with a poor federal framework, it is also keeping a close eye on the horizon towards the Albanese government's so-called closing the loopholes bill. The federal government, if successful, will make life extraordinarily difficult for Australian businesses by increasing the costs and complexity of red tape. Minister Burke admitted in a speech at the National Press Club that the bill would add complexity to an already unduly complex system. These industrial relations changes are of significant concern to industry leaders and advocates in this state.

Tania Constable, CEO of the Minerals Council of Australia, stated in a media release of 4 September —

The Albanese Government's latest industrial relations legislation changes are some of the most extreme, interventionist workplace changes that have ever been proposed in Australia.

...

For Australian mining, this excessive burden and workforce rigidity will put the industry's ability to deliver the full economic and social benefit from the emerging clean energy mining boom, under serious threat.

We ask the question: where is Premier Cook in all this? He needs to stand up to his federal colleagues, given the significant impact this will have on Western Australia and Western Australian industry, and given the green views of his counterpart. If the Premier believes that a one-page letter to the Prime Minister is enough to demonstrate that he is standing up for Western Australia, he is surely mistaken. We are hearing the real concerns of industry right across the board in WA. The Chamber of Commerce and Industry of Western Australia has released a report called *Green web: How environmental approvals could trap Australian investment*. Businesses are increasingly reporting frustrations and considerable challenges with our state's Environmental Protection Authority as well, and some have described working with the EPA as "laborious and frustrating" with "ever-changing guidelines and shifting goalposts". The report goes on. The CCI believes that there are several issues at play. It notes five key issues, one being a high turnover of long-term state government employees leading to a deficit in corporate knowledge. It also refers to arbitrary rule changes being made mid-project, an inadequate level of available resourcing, continually shifting goalposts due to inconclusive science and the EPA's intersection with cultural heritage protection.

We are now at a point at which the normal expectation for a mine to come online is blowing out to about eight to 10 years, which is double the traditional expectation of four to five years. Boards across the country will be looking at the situation in Western Australia. I know these issues were raised directly with the Premier when he recently visited Japan, and I certainly hope that the Premier gave some assurances about what he is doing to stand up for Western Australia. Again, this will impact upon our capacity to meaningfully contract with the global energy transition and capitalise on the resource requirements that we have here. If we make it increasingly difficult for companies to mine and export lithium, nickel, cobalt and other rare-earth minerals, they will seek alternatives and invest elsewhere. Just as we are seeing across multiple portfolios, it is becoming increasingly clear that this

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government is led by a leader who is not prepared to stand up for WA and does not know how to govern. Once again, as outlined in the *Green web* report, the social and economic benefits for Western Australia are at stake here.

As we know, WA is the engine room of the Australian economy. We saw during COVID that the mining sector kept not only our state but also our nation afloat, but right now, it is anticipated that about \$381 billion worth of known investment projects in the pipeline are yet to receive environmental approval. Those projects could create 106 000 additional jobs. Of the people the CCI surveyed who indicated that approval times were longer than expected, 40 per cent were at risk of abandoning their project altogether. That concern is certainly shared by the opposition. It does not take a rocket scientist to work out the significant contribution that represents to the state as well.

This government needs to step up before we lose this once-in-a-lifetime opportunity at a cost to the next generation of Western Australians. We need to ensure that we have the energy reliability and prosperity that our future generations dearly deserve. With those comments, I note that the Minister for Energy would also like to respond, so I will leave my comments there —

A member interjected.

**Ms L. METTAM:** Sorry? I leave my comments there and look forward to the response.

**MS J.J. SHAW (Swan Hills — Parliamentary Secretary)** [6.04 pm]: It is hard to know where to begin. A part of me wants to say it is groundhog day, because here we go again with yet another futile, nonsensical, totally un-researched and poorly thought out contribution to the debate of probably the most important set of challenges facing the state of Western Australia—there is that. But, firstly, I thank the member for Vasse for regurgitating Premier Cook’s economic policy platform on the importance of energy transition to the state. I am glad she was listening at the Premier’s Leadership Matters breakfast. I wonder whether an original thought ever comes into the policy minds that sit behind the Liberal Party; I do not think, to date, we have seen much evidence of that, but at least it demonstrates that they are listening. I will say that I thought the member’s comments on the Aboriginal Cultural Heritage Act were in poor taste and beneath her. I think she could do better. I will leave it at that.

It is groundhog day for energy policy debates in this place. It is always Labor governments that take the necessary steps to reform our energy sector, because, as I have said, the pool is a little shallow when it comes to policy development on the opposition benches. It is always Labor governments that step forward in partnership with industry to ensure that we deliver the state secure, reliable and affordable sustainable energy. It has always been the case and it always will be. It is because we take the time to listen, we do the work, we trust the experts and we take the time to understand. We are not driven by blind ideology or bright shiny baubles that we sound bite out in election campaigns that come back to significantly bite us. We think hard about energy policy. We do the work. We do important reform, and it has always been so. Under the Carpenter government, Labor embarked on the most ambitious program of energy reform that this state has ever seen. It was a Labor government that created the electricity market, established the Economic Regulation Authority, established the Energy and Water Ombudsman, introduced the new access rules for the electricity network to attract private sector generation investment, introduced the Independent Market Operator, designed the reserve capacity mechanism to attract private investment into new generation and ensured that sufficient volumes of generation capacity would be delivered into Western Australia and the south west interconnected system to meet our energy supply needs into the future. It was a Labor government that wrote the market rules that promoted competition and efficiency. It was a Labor government that introduced the Electricity Industry (Network Quality and Reliability of Supply) Code, requiring suppliers to meet more stringent standards of electricity reliability and quality. It was a Labor government that kept the Western Power successor entities in public hands, and what a great decision that has ended up being; it has meant that we have full control over our energy destiny. We are able to implement substantial energy policy reforms that I will go on to speak about. It is Labor governments that established the consultative frameworks to evolve these market rules, constantly review the reserve capacity mechanism, develop the protection frameworks and codes of conduct with respect to small-use customers, monitor retail licensing to make sure that our retailers are doing the right thing, oversee market conduct and institute the mechanisms under which the market is regularly reported upon. It is Labor governments that have done that. It is always Labor governments that do that. It was a Labor government that introduced the domestic gas reservation policy to make sure that we had sufficient fuel for industry, small and medium enterprises and households. We have always done the forward planning. We have always consulted industry when we have done that. We have always listened to the advice of the public service experts, we have always followed the science and we have always done the work.

I have spoken previously in this place about the laughable efforts at policymaking undertaken by the Barnett government, and the state energy initiative launch up at Fraser’s at which Hon Peter Collier waved a flippy pamphlet around.

**Mr W.J. Johnston:** Never to be seen again.

Dr David Honey; Acting Speaker; Mr Shane Love; Mr Peter Rundle; Ms Libby Mettam; Ms Jessica Shaw; Mr Bill Johnston

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**Ms J.J. SHAW:** Never to be seen again, and rightfully so. In fact, I cannot even find it on the internet. I googled it this afternoon because I thought I would not mind another look at it. I thought it was four pages, but it might have been six or a couple more. It was a nice, glossy pamphlet that contained a few motherhood statements and a speech given by Hon Peter Collier when he said he preferred the education portfolio and then delivered a speech about education policy at Fraser's to the Australian Institute of Energy. Everybody was aghast. I thought it was quite insulting to the energy sector participants who had engaged in good faith in that consultation process and who were genuinely looking to that policy document for guidance. The company that I worked for at the time needed to see where the state government intended to take the energy sector because it had significant implications for our own asset planning and the way we would choose to commercially structure the arrangements around our assets. There was no clarity, no certainty and nothing that provided the sort of investment environment that we could have any confidence in. It was a farce. As I said, it was insulting to all those people who spent hours preparing submissions and providing input. There was no certainty, vision, strategy or guidance—nothing. It was a complete waste of time.

The big energy ideas that the then government took forward were to hike power prices to small customers—mums and dads and small businesses around the state—by more than 90 per cent and to cease the apprenticeship programs. We saw apprenticeships dry up in Western Power to dramatically restructure its workforce arrangements. I thought about that and have mentioned it in the past, although only in private; I have never mentioned it before in this place. But in private, I thought at the time that I knew there were a couple of parties running the ruler over Western Power. It is obvious in hindsight that the former government was dressing it up for sale. The former government was hiking up the electricity prices and stripping back the workforce so it looked like the operational cost basis was a lot lower. It was not investing in the forward workforce, which we are paying the price for now, in much the same way that it shamefully increased TAFE fees. The former government was doing all sorts of things to gut the trading enterprises of capability and hiking up the prices in the pursuit of dogma and ideology in the Liberal Party's endless thirst for and pursuit of its privatisation agenda. All that pain and short-sightedness was inflicted on the energy sector workers and the mums and dads of Western Australia to pursue the Liberal Party's privatisation agenda. As I said, thankfully, it did not win.

I will diverge a little. Part of the reason that I ran for Parliament was that I could see the changes underway in the sector and that there was an absolute policy vacuum, whereas the now Minister for Energy got on a roadshow that I went to at the Mundaring Town Hall where there was a big meeting and the minister talked about privatisation and outlined his vision for energy policies in Western Australia. It was great to hear one. It was a vision that I could get behind and was a big reason that I chose to run for Parliament. I thought I could either join the Liberal Party and do nothing, sit on the sidelines or actually get behind a party that had a meaningful agenda and a strong plan. The Labor Party always has had a plan and has always been prepared to make the big energy policy decisions for Western Australia.

As I said, it was obvious when we came to government that the energy economy was in transition and that someone needed to act. We had rapidly increasing volumes of renewable energy, very different generation dispatch and very different gas consumption patterns on the Dampier to Bunbury natural gas pipeline. The WA State Energy Initiative did not say anything about how to deal with that. The Labor government did what we do best: we listened, designed and acted.

In his opening remarks today, the member for Cottesloe said there was little evidence that the Cook Labor government had a proper systemic plan. He said that in six years in office, there was no evidence that the Labor government was doing any work on energy reform. Members, he sat on a 2020 inquiry that took reams of evidence on what the state government had already done and was planning to do. I will quote from the eighth report of the Economics and Industry Standing Committee because I can tell members that we sat for hours. We went through this report line by line and sentence by sentence. I refer to the heading on page 2 titled "State Government action in 2019". It says —

State Government action in 2019 reflects the pace of change in the energy sector. Western Australia is seizing the opportunity to plan and deliver a new energy future.

In March 2019, the State Government launched its *Energy Transformation Strategy: A brighter energy future* ... The Energy Transformation Strategy is the Government's work program to ensure the delivery of secure, reliable, sustainable and affordable electricity to Western Australians for years to come. The reasons for energy reform noted in the Energy Transformation Strategy reflect a number of findings in the Interim Report.

We had done the interim report and made a heap of findings about things that needed to happen. The government was right onto it. It released reports and was getting on with the job. The report continues —

The Energy Transformation Taskforce ... established in May 2019, is responsible ... for delivering a two year program of work across three interrelated areas:

- whole of system planning;

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- DER —

A distributed energy roadmap, and —

- foundation regulatory frameworks ...

The Taskforce and Energy Policy WA, working with the Australian Energy Market Operator ... Western Power and other stakeholders, are developing plans —

Which, according to the member for Cottesloe, apparently had not been done —

and roadmaps at a fast pace. The Taskforce delivered the DER Roadmap to the Minister for Energy ... in ... December 2019.

Energy reform will involve legislative change. For example, the Government recently tabled the *Electricity Industry Amendment Bill 2019* ... to implement reforms relating to SAPS —

Standalone power systems —

and electricity storage, and reforms to the regulation of the electricity network in the Pilbara.

Further detail ... is provided in Chapters Four, Five, Six and Seven.

In my foreword, I noted —

Due to the State Government's impressive progress on energy reform, this report is necessarily different to one the Committee would have written only a few months ago.

That is because of the planning and the work that was being done by the state government in real time. The Economics and Industry Standing Committee received evidence about all that was going on every week in its hearings. I wonder whether the member for Cottesloe was asleep during that process or he was ignoring all the people who had taken the time to do the work and prepare their submissions and appear in front of those hearings. In chapter 4, the committee went into detail about the structure of the market. In chapter 5, it covered technical and operations factors, including system planning. The committee recommended that regulatory changes should be made to allow greater visibility and control and that a register be created for distributed energy resources. In chapter 6, the committee covered market reform and regulatory reform. In only the last sitting period, we sat in here and discussed the legislation that now incorporates all these changes. We talked about roles and reform structures which —

**Mr W.J. Johnston:** And totally reported on and updated where we were at.

**Ms J.J. SHAW:** The minister is jumping ahead in the slide deck. I have a reading list that I would like to recommend. Only during the last sitting, we discussed the legislation that now incorporates all these reforms. We talked about roles and reform structures. The member for Cottesloe has debated these issues. He has debated the architecture for reform that today he has said we have done nothing about. This government is getting on and delivering. We discussed the reform and the legislation and the further architecture of ongoing reform mechanisms that were created in the legislation, and tomorrow we will probably debate even more reform that we will be doing on alternative electricity services and ensuring customer protections. If the member for Cottesloe wants a little cheat sheet on what has been done, I have a 32-page document that was tabled in this place in September. It provides an update on the progress of the implementation and outlines many of the plans. It is a 32-page document. It is an extremely short summary of incredibly complex plans and policies that are being actioned in real time. I think that at 32 pages it is probably 28 pages longer than the Liberal Party's state energy initiative, a process that took it years to do and which contained motherhood statements. Here we have a brief summary that references many more documents that outline the plans this government either has undertaken or is undertaking to progress energy reform. The little reading list that I suggest the member for Cottesloe takes up includes, the *Whole of system plan*, the energy transformation strategy, the distributed energy resources road map, the implementation updates all through Energy Policy WA's website, and the SWIS demand assessment.

**Mr W.J. Johnston:** This!

**Ms J.J. SHAW:** The minister is going to table them; I am sure that they can all be made available. They include the *State electric vehicle strategy for Western Australia*, Western Power's transmission system map, Western Power's network opportunity map, the information papers on changes to the electricity networks access code, and the information papers on changes to the reserve capacity mechanism. The Australian Energy Market Operator also publishes a significant number of documents on an annual basis on the Electricity Statement of Opportunities, the Gas Statement of Opportunities, the summer readiness overview—all these documents. For the member for Cottesloe to state that there is no plan is such an insult to the incredibly hardworking people at Energy Policy WA, AEMO, the Economic Regulation Authority, the Department of Mines, Industry Regulation and Safety, the Department of Jobs, Tourism, Science and Innovation, government trading enterprises and all the industry associations that are working so closely and collaboratively with government. These people spend their waking hours and probably lose

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a fair few hours of sleep worrying about this stuff. They are working together on the energy future for this state and they are a remarkable group of people. If the Liberals win government in 2025, and if the “shadow-shadow Minister for Energy”, the member for Cottesloe—because we know that Hon Dr Steve Thomas is actually the shadow Minister for Energy, and I will go on to explain why. I wonder how all those people will feel if the “shadow-shadow” goes on to become the Minister for Energy, knowing how worthless he thinks the work is that they have put in over the last six years. I wonder how they will feel about that. They have sat in front of a parliamentary inquiry. They have provided thoughtful, considered feedback to parliamentary inquiry processes that the member himself sat through. They have given really considered feedback on central developments and on what can happen. They have appeared in front of estimates committees as agencies and answered questions, some of which have been really quite banal. They have provided answers to questions on notice that take an incredible amount of work to prepare. They have shared ideas.

[Member’s time extended.]

**Ms J.J. SHAW:** I wonder how they feel when they know that the true position of the Liberal Party, as outlined today, is that their contribution and their work matters nought and that the Liberal Party thinks that they have done nothing and they have no clear focus on the energy needs of Western Australia. These are the organisations that the member would purport to lead if he were the Minister for Energy, and he thinks their work matters nought.

This whole issue is not about a minister. It is not about a man, a woman, a leader of this organisation or a leader of that organisation. The energy challenges we face are such that we must work together. Industry and whole of government, all agencies across government, must work together. They are remarkably complex issues. They are not simple. They require sustained effort and collaboration and trust in the evidence of experts. We all need to work together on the most significant challenges to face the Western Australian economy and we all need to be part of the solutions.

I reflect on the Economics and Industry Standing Committee process and, as I have said before, the former member for Warren–Blackwood demonstrated bipartisanship and what could have become a politicised inquiry did not. It actually focused on really finding those collaborative and important solutions that the government was working on in real time and has continued to implement beyond the inquiry. It is really disappointing that the Liberals cannot get behind that process. It is frightening if they cannot get behind it because they do not understand it, and that is a huge risk. That is a real risk going into the 2025 election because when members do not do the work and when they do not listen, we end up with crazy policy ideas. We can all remember that disastrous press conference and the “big energy vision” that was released at the last election. The shadow Treasurer could not understand how he was going to pay for it, the Liberal Party leader could not understand it and the shadow Minister for Energy could not explain it. I remember that one part of it was about closing coal-fired power stations by 2025. Members opposite are now criticising us for aiming to close them by 2030. That is interesting. I remind members of the article in *WAtoday* of 11 March 2021 titled “Liberals’ ‘shambolic’ election promise cost reveal lacking underlying analysis”. It outlines a big discussion on the shambolic nature of policy development under the Liberal opposition in the lead-up to the last election. I will skip over the parts on the shambolic construction of the figures and where it states that there was “no analysis or calculation of the underlying items that made up each individual commitment”. I note that it states that the Liberal Party provided its energy commitment at \$3 billion, saying it would cost the state only \$260 million. It was labelled shambolic by the then Treasurer Ben Wyatt, who likened it to an episode of *The Three Stooges*, and the Minister for Energy’s analysis revealed that the actual costings were closer to \$16.7 billion. On ABC online news of 15 March 2021, Hon Dr Steve Thomas, the real shadow Minister for Energy—*The Real Slim Shady*—stated —

“That energy policy was the stupidest policy I have ever seen the Liberal Party release,” ...

Not much has changed. Members should do the work, listen to industry, take the best possible advice, take a long view based on physics, science and facts, try and work with industry and try and get behind a transformative agenda that will set our economy up for decades to come.

**MR W.J. JOHNSTON (Cannington — Minister for Energy)** [6.26 pm]: I am pleased to make some remarks because it is important that the member for Cottesloe confront a challenge that he seems to ignore. He has quoted individual lines from the Australian Energy Market Operator’s report titled *2023 Wholesale electricity market electricity statement of opportunities*, but not the report itself. If he actually read the report and understood it, he would see a couple of things. Firstly, he would see that the Australian Energy Market Operator is part of the process of planning for the south west interconnected system. I pause at that point and also remind everybody that there are actually three separate and unrelated energy systems in Western Australia. There is the south west interconnected system, the so-called north west interconnected system, that is not technically interconnected in the way that we would normally think, and then there is the off-grid space. As much energy is produced in the north west interconnected system plus the off-grid part as there is in the south-west part. When people talk about energy

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supply in Western Australia, like the member for Cottesloe did now, they often incorrectly refer to the SWIS without realising that there is as much energy—in fact, more—outside the SWIS than there is inside the SWIS. I want to clarify that because it is a planning process that the government of Western Australia has commissioned the Australian Energy Market Operator to do. It does it on an annual basis and that is why it is a “statement of opportunities”. It is not a “statement of crisis”. It is a statement of the opportunities for private investment into the future. I also want to go to the executive summary on page 3 that states —

A recent change to the WEM Rules **broadens the scope of emerging supply risks considered by AEMO**, ensuring a more comprehensive coverage of assessed supply risk in the RCT determination.

The point is that the purpose of the reserve capacity target and the reserve capacity mechanism is to deal with risk. That is the purpose of those processes. We create the target and then we go out and procure the supply. We have changed the rules and that has required AEMO to take account of more risk so it has changed the target for which it is procuring energy capacity. The reason there is an increase in the RCT is because we have asked AEMO to do that. It is not a gap. I will come to the gap later on. The RCT change is not a gap, but a change in the desired figure for the future. By definition, that figure must be higher than the past figure because the past figure took account of only limited risks and now we are taking account of more risks. That is the whole point. This is a risk-mitigation strategy. Every day that the last government was in power, it used the reserve capacity target and the reserve capacity mechanism that are part of what the member called “failed reforms”. Every day that his government was in power, it used exactly the same mechanisms.

**Ms J.J. Shaw:** And it has been globally recognised.

**Mr W.J. JOHNSTON:** In the western world, most places are moving to capacity markets—Japan, Europe and most of the United States. That is the purpose of the capacity market: we identify the risks and come up with a plan to fix them. It is not that we identify risks and then ignore them; we identify them and then solve the problem. That is why it is done. To say that the capacity gap identified in the Australian Energy Market Operator’s *2023 Wholesale electricity market electricity statement of opportunities* is because of a failure of planning is just mind-blowingly stupid. It is the planning document that outlines what has to happen next!

**Ms J.J. Shaw:** It is literally the blueprint.

**Mr W.J. JOHNSTON:** It is literally the blueprint! The report says —

- **Beyond 2025-26, the outlook for long-term reliability is expected to improve** due to strong capacity investment signals and planned transmission expansion, demonstrating a commitment to achieve a sustainable energy future and maintain power system security and reliability.

The report, in single words, rejects the entire assessment that was included in the member’s 56 minutes of conversation in the chamber. It is as if he has never read the report and does not understand the words on the piece of paper. It is mind-blowingly silly! Let us go on.

**Mr R.S. Love:** He must be confused.

**Mr W.J. JOHNSTON:** Clearly he must be confused, because otherwise he would read the document and understand it! The fact that he comes in here and quotes a document that he does not understand is not my fault. I did not ask him to fail to understand the English language. He is so silly. He has got a PhD in chemistry. I would think he could read a document and understand it.

**Mr R.S. Love:** I think he can.

**Mr W.J. JOHNSTON:** Well, why doesn’t he? Why did he not explain?

**Dr D.J. Honey** interjected.

**Mr W.J. JOHNSTON:** I am not taking interjections from the silliest person in the building. We call him 59.

The report goes on. Page 6 of the document states —

In January 2023, the WEM Rules were amended as part of the WA Government’s Energy Transformation Strategy, which incorporates several critical reforms to the RCM, to reflect the needs of the SWIS through the energy transition.

Oh, my god! I would think that the government had a plan that the Australian Energy Market Operator knows about! For crying out loud; how clearer could it be? The Australian Energy Market Operator, independently of government, is saying exactly the opposite of the member’s commentary in a report that he said he has read! How silly is it that a member comes into the chamber and quotes a document that proves that what he is saying is not true? It then goes on. Page 7 states —

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... AEMO's modelling assumes that the Bluewaters Power Station will exit the WEM from 2030–31.

It makes the point. In its forward planning, the Australian Energy Market Operator is assuming that there will be no coal-fired power stations beyond 30 September 2031. That is not my assumption: that is the independent market operator's assumption. Anybody who thinks that coal —

**Dr D.J. Honey:** But you changed the law and you have said that you are going to close them.

**Mr W.J. JOHNSTON:** I am sorry; I do not have anything to do with Bluewaters. I wish I did.

**Dr D.J. Honey:** You said that you would not take any power from them.

**Mr W.J. JOHNSTON:** From 2025, once the current contract between Synergy and Bluewaters expires, we will not renew it because it is unbelievably expensive.

I will go on to page 8 of the report that the member says he understands. It states —

This 2023 WEM ESOO forecasts the RCT to grow at an average ... rate of 3.7% over the outlook period, in comparison to the expected 0.8% annual growth rate in the 2022 WEM ESOO.

Let us understand this. The planning assumption has changed by three per cent a year. When that is forecasted out over 10 years, it is over a gigawatt of additional demand. It has nothing to do with the closure of the coal-fired power stations because it is always assumed that the coal-fired power stations will close. It is saying that demand growth will increase. In the last 15 years, demand has basically been flat, but we did not realise that it actually started to increase again a few years ago.

Why is that demand growing? It is because of industrial load. It is not households that are driving this growth—for the first time in 20 years, it is industrial loads. It is as though the member has never read the report or he does not understand the words that are written on the page. It sets out in black and white exactly what is occurring. It is public and was done by an independent organisation. Why is the independent organisation doing it? It is because we have commissioned it to do it! It is in the legislation: this is its job. It is as though the member does not understand that this, along with the work of Energy Policy WA, is the planning for the south west interconnected system.

**Dr D.J. Honey:** It is not the planning; it is the mechanism.

**Mr W.J. JOHNSTON:** Oh, my God! How stupid are you? This is so stupid! I did not interject on you. Please show some control.

The report continues —

The significant near-term capacity needs identified in this report may not be fully mitigated through the RCM, or have not been mitigated for Capacity Years with assigned Capacity Credits, which has necessitated AEMO seeking additional services through the following frameworks ...

It then talks about the supplementary reserve capacity and the non-co-optimised essential system services. Guess what? Those are the tools that the government created for the Australian Energy Market Operator to use. The NCESS that it ran this year was fully subscribed. Through the NCESS, 532 megawatts of capacity were fully subscribed to. The SRC was run last year and I think it got over 170 megawatts of additional supply. We expect that additional supply to be available again this year. If the member reads the report instead of just talking to himself, he will see that it makes it fully clear and sets out that it has the tools.

Let us understand what the RCT does. It tells the private sector to invest because then it has a guaranteed income. I accept that nobody is going to invest just on the basis of the capacity market, but think about it—somebody needs the energy and is going to pay for it. The member was so silly as to say that no major industrial user would contract with renewable energy supply. Well, guess what?

**Dr D.J. Honey:** I did not say that. I said that it would not —

**Mr W.J. JOHNSTON:** No, you said they would not do it.

Guess what? His own former employer, Alcoa, is sponsoring major renewable energy projects in Victoria to do exactly the thing that he said it was not going to do! On 6 September 2022, BHP Nickel West —

**Dr D.J. Honey:** They are not going to run them.

**Mr W.J. JOHNSTON:** Stop flapping your gums, mate!

BHP Nickel West put out a media release outlining all the wind farms that it is contracting to provide electricity for its decarbonisation efforts in the nickel business. That is exactly what is happening. It is as though he does not know these things and he does not know that BHP, Fortescue Metals Group and Rio Tinto are all publicly saying that they are building three gigawatts of supply of renewable energy in the Pilbara to decarbonise iron ore operations.



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It is as though the member does not even know that, even though they have made public comments about that. This is just so silly.

**Dr D.J. Honey:** You know it is only a small part of their energy use.

**Mr W.J. JOHNSTON:** He keeps flapping his gums as though he does not know any of these things and that these companies are doing exactly what he says they are not going to do!

He then went on about the delayed closure of coal-fired power stations. Let me make it clear that we have not announced a delay of the closure. We have said that we are going to put it in an outage format so that if the Australian Energy Market Operator believes it needs it over that one summer, it would be available to be recalled. It is not going to be operated or used unless there is an emergency. It is belts and braces. There is absolutely no expectation that we will use the Muja C unit 6.

I want to remind everybody in this chamber and anybody who reads this debate about the difference between my behaviour in opposition and the behaviour of the shadow Minister for Energy. In 2015 when Hon Dr Mike Nahan announced the closure of the Kwinana power station—the so-called triple-fueler that was built as a coal station and ended up being able to burn fuel, oil and gas as well—I supported it because it was common sense. KPS was an old unit and was becoming unreliable and it did not fit into a future-facing energy system.

I remember a journalist rang me up and said, “Do you think this is a bad idea?” I said, “No, of course it is a great idea because it’s old-fashioned.” When Hon Ben Wyatt closed the Muja AB station for the second time after the Liberal Party spent \$320 million failing to bring it back online —

**Mr D.J. Kelly:** That was a great investment!

**Mr W.J. JOHNSTON:** It was such a great investment! I wish I had \$320 million to spare now. The Liberal Party never said a word because it was too embarrassing for it. Now, the Australian Energy Market Operator has endorsed the process we are doing, the private sector and the investors in the system have endorsed what we are doing, and we have a plan. We have already announced KBESS1—the Kwinana battery storage system. It is already underway. KBESS2 is under construction. For CBESS, the Collie battery energy storage system, the earthworks and other things are starting now. Those three battery projects are all underway.

The member complained we had not yet announced which wind farms we are building, but there is a reason for that. We are in commercial negotiations with the providers of those wind farms and we do not want to tell them that they are the only option, because they are not; we are negotiating with a range of people. When the commercial terms are agreed, we will make it public in the scene as we did with KBESS1, KBESS2 and CBESS. It is not complicated. I speak to people in the industry all the time. Imagine if you told somebody they had an exclusive right to negotiate with you before you set the price. What would happen to the price? It would go up! It is just mind-blowingly silly to try to suggest we should tip off a provider of commercial services that they have a deal.

The member went on about gas infrastructure. It is as though he has not read the *SWIS demand assessment*. He complained that he had printed it out wrong. That is not my fault. I want to show members something on page 8 of the SWISDA. It shows the very large growth in flexible gas infrastructure. We have been criticised by the Greens for predicting a tripling of gas generation over the next 20 years. The Greens say we are bad people for doing that. Of course, we also say that the frequency of use will go down, but the total capacity will go up. That is why there is no shortage of gas. As the renewables grow, people will use gas less, but when they need it, they need it. The member spoke about charging the batteries. It is as though he has never seen the operation demand on any particular day. I have two charts here, which I am happy to table at the end of my speech. One shows the operational demand for winter in 2022 for a week between 25 and 31 July. The other chart I have is the operational demand for summer 2022—week 2 from 2 January to 8 January. It was randomly chosen by Energy Policy WA. I just asked for a winter week and a summer week. Members can see that the amount of electricity used at any particular time goes up and down. The generating capacity still exists so people can charge batteries in the low periods and discharge it in high periods. That is the reason the batteries are so good. The other thing about batteries is they are instantaneous. Even a gas peaker can take 15 or 20 minutes to come online but a battery is instantaneously online. That means it is perfect. Do not forget that on during trading intervals when the power system does not need much electricity, we disconnect wind farms from the system because we cannot put them in. We have to not use them, so if people are using a battery, we can just use the wind farms that are otherwise switched off. The other thing that people do not understand is that the price of electricity at wholesale level in the middle of the day is negative. People talk about how to pay for it but they are being paid to take the electricity and put it in the battery. They are not paying for the electricity to put in the battery; they are being paid to take the electricity. The reason for that is the complexities of the way the electricity system works.

Nobody on the Liberal or National side of Parliament has mentioned that on 1 October, we went to the new market. We actually created a new electricity market in Western Australia on 1 October. We replaced the rules that were set

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back in 2006. Nobody has talked about it. It is as though they do not even know that those changes were made. We did not put out a media release on that because it was inside the beltway, if you like. It was an energy nerds thing because it did not change the way that electricity is dealt with by consumers but it was a radical change to the way we manage the electricity system to take into account a high renewable energy future. One element of that change is moving to five-minute settlements. Previously, before 1 October, the settlements—the financial affairs of the market—were settled every 30 minutes, but that meant that renewable energy would not always be able to be dispatched for the whole 30 minutes. There might be a wind drought over 10 of the 30 minutes. That meant it could not settle in the market, which allowed the thermal generators to settle. Reducing it to five minutes makes it easier for renewable generators to set the market price. Guess what? Renewable energy is the cheapest form of generation. It is what is called in the system a zero marginal cost. In other words, the cost of generating electricity or not generating electricity is zero because it is a capital business. Because they can set the market at a lower cost because they do not have to pay for their fuel, it pushes down the average price of electricity over time. It is one of the most important changes we have made in the system since 2006.

The opposition talked about the firming systems and the services that are provided automatically. The Leader of the Opposition quoted from the 2019 Synergy report that those were the services that Synergy was providing the market without payment. Guess what? We now value those services and reward people for them. Guess what, again? The batteries are very good at providing the services so, actually, the costs are going down because we can use these other mechanisms to provide essential systems services. That is why we also have the non-cooptimised essential systems services; that is a wonderful phrase. It is every energy nerd's favourite. It is because those systems services are not being provided with energy. They are being provided separate to the provision of energy because, up to now, they have been embedded into the system. Now, we identify them and deal with them.

The opposition talked about who is going to pay the costs. The member for Cottesloe drew attention to the chart on page 9 of the report showing a very significant increase in demand. Guess what? The people who need that electricity pay for it. That is where the money comes from. They pay for it. We are not giving electricity to industrial users for free. They pay for it. Synergy is replacing Synergy's coal plant. If I have not said this 100 times, I have had said it 150 times: the reason the coal-fired power stations are closing is that they are no longer economically capable of sitting inside the south west interconnected system. Of course, we get a massive advantage from reducing carbon emissions but, even if we did not have a carbon constraint, the coal-fired power stations would necessarily close. We need to have the infrastructure in place to replace them. I think we had about 1 000 megawatts looking back, including Muja 5; we had about 1 000 megawatts of coal and we have 800 megawatts of batteries. We have almost exactly closed out the gap. Remember, we often do not need it and that is only the battery. There will still be other energy sources, so we know that we can entirely replace our coal-fired power stations.

The member asked where our plan for the grid is. Of course, we are required now by our new regulations to have a whole-of-system plan every five years. This is it, here. We also have done the *SWIS demand assessment*. This is it, here. For the north west interconnected system, for the first time ever, we got all of industry together and they all agreed that we should move to a common-user basis. We are not yet at economic dispatch but we can see that that will be the future. What I mean by "economic dispatch" is that the generators get turned on and off on the basis that they are the lowest cost. At the moment, there is very little trading of electricity in the north west and no commercial balancing because, generally speaking, mining companies provide their own energy or it is provided through their power purchase agreement providers. However, we can foresee a situation in the future in which there will be commercial balancing. We are working together with all those people in the north west to make sure that they are taken account of.

What else have we got?

**Ms J.J. Shaw:** Maybe the problem, minister, is that the documents are so long. They are not like the *State of the energy market* reports. Maybe if they were glossy and only four pages.

**Mr W.J. JOHNSTON:** All I ask is that the shadow shadow minister go and talk to the Australian Energy Market Operator a couple of times. Kate Ryan is well known to the member for Swan Hills. She is the Western Australian lead. She has a long title that includes "strategy", and she is responsible for the Western Australian operations. As I said, Daniel Westerman will be here next week for the Energy and Climate Change Ministerial Council meeting. The member should go and talk to them. Rather than coming in here and quoting the documents without having ever spoken to them, he should go and talk to them.

**Dr D.J. Honey:** That's not true. I've met them a couple of times.

**Mr W.J. JOHNSTON:** If the member for Cottesloe has ever talked to them, he never listened to them because otherwise he would not say the silly things that he says.

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I go to the coal supply. There was a mix up in the member's presentation about the difference between the coal that we took from Newcastle as an insurance policy and the question of Griffin Coal. The coal that Synergy bought from Newcastle was not related to Griffin in any way. We do not buy coal from Griffin; we buy coal from Yancoal through Premier Coal. People know that in 2022, Premier had challenges in meeting its contractual obligations to Synergy. Therefore, we were nervous about the position of the coal stockpile. The media and the Liberal Party called for the government to take urgent action to ensure that we would not have any trouble. We got Synergy to buy 100 000 tonnes of coal from Yancoal—sorry, that is not actually true; we bought it from Yancoal, but we got Yancoal to get it from New South Wales. People ask how much it cost. I have always said that it was the international price. I think the member said \$350. I am not confirming that, but let us assume it was, so 100 000 tonnes times \$350 would be \$35 million. The actual shadow Minister for Energy said it was \$100 million. He is obviously mathematically incompetent because that would mean that the coal was \$1 000 a tonne. Given that I have never seen anybody quote \$1 000 a tonne for coal, I do not know where he got that idea from. I cannot confirm what the price was because it was a commercial matter for Synergy. As everybody knows, and as it was under the former government, nobody talks about the commercial arrangements that Synergy enters into. In the end, Premier Coal got back on target and delivered the tonnes that were required.

It is true that the ash content of New South Wales coal is higher than Western Australian coal. Of course, the energy content of New South Wales coal is also higher than Western Australian coal. I actually said that in the chamber when I announced the decision to bring the coal from New South Wales. It was later reported in the media to be a shock, even though I had publicly said it. Again, it was as if the people who reported on the issue had not read the *Hansard* from this chamber as it came as a surprise to them that I had publicly announced that the coal would have to be blended. The coal was blended in a particular ratio. The shadow Minister for Energy asked about that blending. It is true that the blending ratio increased over time. As we became more and more confident of our coal position, we were able to lower the blending ratio so that there were no challenges with the plant, because obviously the plant is optimised for particular coal sources.

The other thing, of course, is that the end cost of that is not yet complete. When we burn the coal, it becomes electricity, and we sell the electricity into the market and people pay us for the electricity. It is not as though buying the coal was the end of the matter, because we can make money out of selling electricity. That is one thing that people have not appreciated. It is not actually correct to say that, in the end, the cost of the coal was the cost to Synergy because Synergy turned the coal into energy and got a reward for that. Synergy managed that on a commercial basis.

There was a discussion about the rehab obligations. The rehab obligations are whatever they are. At the moment, the government of Western Australia has no obligations with respect to rehab obligations because we do not own the mines. I think there are 18 000 abandoned features across Western Australia that are the responsibility of the government. We disclose those issues in the *Annual report on state finances*, the quarterly reports and elsewhere. If the Under Treasurer believes that he needs to make a disclosure, he does. The government cannot control that, because the Financial Management Act sets out what he is required to do. Do members know what? The Auditor General has to sign off on those annual reports. It is not possible for the government to not bring to book an obligation that it has because the Financial Management Act requires the Under Treasurer to disclose it. At the moment, we do not have any obligations with respect to those rehab obligations and we never said that we would take them on. Of course, we are negotiating with Premier about the coal supply. Remember, as I said even on the day that we announced the coal station closures, we will need coal until we do not need coal. We have to work with Premier Coal to make sure that we have the coal that we will need until we close the coal-fired power stations. One challenge we have is that if Premier decides to close before we are ready to close the coal-fired power stations, we might have a bit of urgent action to take. I can tell members that we could fix it, but we do not want to do that. Of course, Griffin might go under. That might not affect Synergy, but it would affect South32. South32 realised that its coal provider was in trouble, so it is moving to use gas instead of coal at the refinery. Interestingly, doing that will reduce its carbon emissions.

It is as if the member for Cottesloe does not know these things. It is as if these are new issues to him. He called the *SWIS demand assessment 2023 to 2042* a thought bubble. If he read the report—I apologise if he could not print it out in a format that he could read—he would know that it sets out the modelling that was done, the demand growth that we expect to respond to, and the generation and storage that will be needed et cetera. They are all set out in here. Indeed, it sets out what projects are in stage 1. On page 13 of the report, metro north to Neerabup, Neerabup to central mid, and central mid to midwest are all listed under stage 1. Kwinana to metro north is listed in stage 1. Eastern goldfields to mid east and mid east to south west are both listed in stage 1. I do not know why he said that he does not understand what we have set out in here. This is the high-level plan. We still need to implement it. We gave the money to Western Power that it asked for so that it could go and buy long lead items that it will need—if you do not order them, you do not get them—plus there is the detailed planning. That is exactly what the government should do. It is a plan. If we look up “project management” in the dictionary, that is what project management is—you set out your high-level agenda and then you operationalise it. It is exactly the same as we have done on the

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Dr David Honey; Acting Speaker; Mr Shane Love; Mr Peter Rundle; Ms Libby Mettam; Ms Jessica Shaw; Mr Bill Johnston

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coal-plant retirements—we took account of all the challenges, worked out a business plan and then implemented it. That is the definition of planning. It is as though the member has not read the *SWIS demand assessment 2023 to 2042*, the *Whole of system plan*, the *Distributed energy resources roadmap*, the energy transformation strategy stage 2, the *Electricity networks access code*, the Electricity Industry Act and the regulations that sit under it, the *Distributed energy resources roadmap: Two-year progress report*, the *Electric vehicle action plan*, the reserve capacity mechanism review or the progress report on recommendations from the member for Swan Hills’ committee.

**Ms J.J. Shaw:** Which he sat on!

**Mr W.J. JOHNSTON:** It is as though he does not know about any of those things, much less the Australian Energy Market Operator’s annual report.

Debate adjourned, pursuant to standing orders.

*House adjourned at 7.00 pm*

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