

ELECTRICITY INDUSTRY BILL 2003

Committee

Resumed from 4 March. The Deputy Chairman of Committees (Hon Barry House) in the Chair; Hon Tom Stephens (Minister for Local Government and Regional Development) in charge of the Bill.

New clauses 126 and 127 -

Progress was reported after Hon George Cash had moved the following amendments -

New clause 126, line 3 -

To delete “5” and insert “3”.

To insert after “Part” -

and thereafter at 3 yearly intervals

New clause 126, line 11 - To delete “5” and insert “3”.

Hon TOM STEPHENS: I indicated last Thursday during the debate on these amendments that the Government will accept the concept of a three-year review, but in our view the maximum number of reviews should be three. I provided the Committee and Hon George Cash with a suggested wording for an amendment that will embrace the Government’s view on that matter. However, I understood from Hon George Cash’s response that he was not persuaded by the argument that I had put and intended to persist with a permanent review process. The Government will reluctantly go along with that. I have since received advice that there is no way in which I will be able to persuade the Opposition to desist from agreeing with the amendment moved by Hon George Cash. Therefore, if Hon George Cash wishes to persist with his amendment, I suggest that the best way of doing that would be to adopt the wording that I have provided to him, minus the last subclause on that page.

Hon GEORGE CASH: As has been acknowledged, I have moved three amendments to this clause. We maintain our position with regard to the two amendments to delete “5” and insert “3”. Given the comments of the minister last Thursday, I would be prepared to seek the leave of the Chamber to withdraw the amendment that I have proposed to insert after the word “Part” the words “and thereafter at 3 yearly intervals” if the minister was prepared to accept an amendment in the following terms -

New clause 126, line 3 - To insert after “Part” -

and thereafter as soon as practicable after the expiration of 3 years from a report being laid before each House of Parliament under subsection (5)(a).

Would the minister be prepared to accept such an amendment?

Hon TOM STEPHENS: Yes.

Amendment, by leave, withdrawn.

Hon GEORGE CASH: I move -

New clause 126, line 3 - To insert after “Part” -

and thereafter as soon as practicable after the expiration of 3 years from a report being laid before each House of Parliament under subsection (5)(a).

That would give some certainty to the commencement period by making it contingent on a report being prepared at the expiration of each three-yearly interval.

Hon ROBIN CHAPPLE: The Greens (WA) support the amendments. I remind the Committee that the Greens moved a similar amendment proposing a new clause 126. The Government then moved its version of new clause 126, which has been subsequently amended by the Government and Hon George Cash. The Greens accept that the review of the market be at three-yearly intervals, and be ongoing for all time.

Amendments put and passed.

Hon TOM STEPHENS: I understand that in order to have this new clause adequately reflect Hon George Cash’s intention, further amendment is required. I refer to subclause (2). Hon George Cash may wish to move his amendments that tidy up the proposed new clause. I understand that he is not prepared to move the last amendment on the supplementary notice paper.

I now outline the arguments provided to me by the Minister for Energy to encourage the Chamber to adopt the last of the amendments. I have indicated before that definitive procedures will apply to the amendment of

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market rules that may be invoked at any time if the rules are considered not to be achieving the market's objectives. All industry participants - namely, the proposed market rules panel, the rules adjudicator and the system management in market operators - can suggest amendments should they prove necessary. The market rules panel will be accountable to ensure that the rules are consistent with the market's objectives. The market rules panel will be required to monitor the system's management with compliance to the rules, and the panel will report in this regard directly to the industry minister. The Economic Regulation Authority will have a prescribed role in monitoring the performance of the wholesale electricity market against the market objectives, and to issue regular reports in response to its monitoring role and to provide ongoing advice to government. It is proposed under the framework that the industry minister will be entitled to issue policy directions to the market rules panel that can lead to changes in the market rules to conform with those policy directions. Those policy directions must be consistent with the wholesale electricity market objectives as described in clause 122(2), which has been dealt with by the Committee.

The Government believes that as the additional checks and balances will operate in the market from market commencement, and as these rule changes may be invoked at any time, and given the likely significant cost to be incurred through reviews in perpetuity, the Bill should contain a requirement that a statutory review of the market occur every three years until such time as three reviews have been conducted. The Government is keen for the amendments to limit the notion of reviews in perpetuity to the framework I have just endeavoured to persuade the Committee to support.

Hon GEORGE CASH: As the Chamber has agreed to my first three amendments, it is necessary to move some subsequent amendments. I move -

New clause 126, subclause (2) -

To delete "purposes" and insert instead "purpose".

To delete "are - (a)" and insert instead "is".

To delete "and" after paragraph (a).

To delete paragraph (b).

In subclause (3) - To insert after "Part" -

or after the last preceding report was laid before each House of Parliament under subsection (5)(a), as the case may be.

These amendments will tidy up the changes resulting from the first three amendments. The proposal in subclause (3) is necessary, notwithstanding that the Committee agreed to some earlier amendments; I do not think it becomes superfluous.

The DEPUTY CHAIRMAN (Hon Barry House): Hon George Cash has another amendment on the supplementary notice paper. Does he wish to move that separately?

Hon GEORGE CASH: No, I do not. I will ask the minister to further explain that matter in a moment. I will not move that amendment at this stage. The Liberal Opposition does not agree with it as it has associated problems.

Hon Tom Stephens: The Government agrees to the amendments.

Amendments put and passed.

Hon TOM STEPHENS: The Government's proposition regarding this provision is best encapsulated by the amendment at the bottom of the supplementary notice paper. Therefore, I move -

After subclause (6) - To insert -

(7) Without limiting the application of subsections (5)(b) and (6) to the third report laid before each House of Parliament under subsection (5)(a), this section and section 127 expire as soon as that report has been so laid.

The Committee has agreed to the proposal for three-yearly reviews. However, the Government argues for a maximum of three such reviews, by which time the framework will be in place and the market will be regulated by suggested amendment through the Economic Regulation Authority, which is known throughout this Bill as "the Authority". It is the Government's view that that is the most efficient and effective and least costly and least onerous way of delivering an appropriate review of how the market should be regulated. It would be unnecessarily burdensome to impose an additional in-perpetuity review process on that regulatory framework within which the economic regulator will receive advice from industry groups in an orderly process, weigh it up

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and recommend any necessary changes. It would be costly and would not adopt the spirit or framework of the Bill, which has built into it the ability for the Economic Regulation Authority to undertake reviews. I think that is the best of the arguments I have left to put to the Committee. I am not aware of any other arguments available to me to further support the amendment.

Hon GEORGE CASH: The Liberal Party cannot agree to this amendment. It would provide a sunset clause for a number of reviews of market operation. One of the points I made earlier was that the Liberal Party wanted the Government's proposed five-year intervals to be reduced to three to enable active consideration of the review of market operations. This legislation will implement a new area of activity within the state electricity industry. We believe that regular reviews should be carried out. The Liberal Party agrees that additional reviews will cost money. However, when the minister discussed his proposed amendments to new clause 126, of which this amendment is one, he argued that additional mandate of reviews would also increase the cost of the wholesale market. That may be the case. However, the converse is that regular reviews of market operations may provide recommendations that show how costs can be saved and consequently reduce the costs of the wholesale market. There are arguments on both sides about whether we should agree. We do not agree because this would defeat the Liberal Party's earlier proposals. I have consulted with Hon Robin Chapple. We agreed that regular reviews should be conducted, albeit the period was in question. However, we have all agreed that three years is the relevant period that should be agreed to. As Hon Robin Chapple pointed out to me, if we were to agree to proposed subclause (7), it would be very much a sunset clause and defeat everything we have just agreed to. The Liberal Party will not agree to this amendment.

Hon ROBIN CHAPPLE: The Greens (WA) concur with Hon George Cash's statements. Proposed new subclause (7) would abrogate any responsibility of reporting and, therefore, we oppose the amendment to insert subclause (7).

Amendment put and negatived.

Hon MURRAY CRIDDLE: The minister said that market rules could be changed. What process would be undertaken for a change of rules? What consultation would occur? Will the industry be consulted? The minister also said that the minister would give directions. Will the directions be made public or tabled in the House?

Hon TOM STEPHENS: It is proposed that the initial policy directions proposed by the minister will be made public. The subsequent amendment process of this regime within which the market will operate will require the Economic Regulation Authority to consult industry. It will involve a transparent process of submissions. A draft will be released on which the industry can comment before a final regime is implemented by the Economic Regulator. The industry minister will be able to issue policy directions to the market rules panel, which will lead to changes in market rules to conform with those policy directions. They must be consistent with the wholesale electricity market objectives prescribed in clause 122(2). I hope I am not further confusing things - I will stand corrected if I am wrong - in saying that I understand the minister will have a clear involvement in the inaugural market rules, at least in the first instance, more so than in his subsequent role.

Contrary to what I originally said, it will be an open process. The issuing of policy directions by the minister to the market rules panel will be an ongoing process. The regulations will require that the issuing of policy directions by the minister remain a transparent process.

Hon MURRAY CRIDDLE: What method will be used to ensure that that is a transparent process? Will they be tabled in Parliament or will there be a straight-out public announcement?

Hon TOM STEPHENS: Certainly the regulations will be tabled in Parliament and will be subject to disallowance. The mechanism by which the minister's policy directions to the market rules panel will be made public will be transparent and open. Precisely how that transparency is to be achieved has not been finalised, but the intention is by publication. Whether that will be by gazettal or a regulatory framework that requires some other form of publication does not seem to have been settled upon in the consultative process. If the member has a view on the issue, presumably his view will be included with the other suggestions on how best to make public notification of the minister's direction. Apparently consideration is being given to that issue through the consultative mechanism I have previously described.

Hon MURRAY CRIDDLE: The issue that I raise is obvious. If a minister gives a direction, the public should know that an instruction has been given. That is the understood process that occurs in all portfolios in which a minister instructs.

Hon Tom Stephens: That is what will happen.

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Hon MURRAY CRIDDLE: That needs to be resolved. We need to have a clear understanding of the process that will be put in place if the minister gives an instruction.

Hon TOM STEPHENS: I assure the Chamber that that is the intent of the framework inside which this Bill is being advanced. Neither the minister nor the Government will pre-empt the consultation process on how best to achieve the objective that has been articulated by Hon Murray Criddle. I will ask the energy minister to advise Hon Murray Criddle of the exact mechanism by which the minister's directions will become transparent once that process has been resolved. I will also ask the energy minister to relay to members of this Chamber in some form the method that has been recommended by industry groups and the consultative process and adopted in the framework that we are putting in place.

Hon MURRAY CRIDDLE: The reason I make the point is that the report of the Director of Energy Safety, Mr Albert Koenig, on the statutory standards for electricity quality indicated that there was an alternative to change the benchmarks. One of those alternatives was to lower the benchmarks that are in place for the supply of electricity. I do not want a process to be put in place unless it is transparent. If the Government wants to lower the standards for the supply of electricity, particularly in regional Western Australia, we need to know that the Government has decided to lower the standards. That process needs to be transparent. That is an example of something I do not want to happen under these rules.

Hon ROBIN CHAPPLE: On the issue raised by my colleague opposite, can the minister, under the Electricity Corporation Act 1994, have input to the process that is being discussed by the member, given the nature of the minister's ability to impose on or direct the current corporatised Western Power?

Hon GEORGE CASH: Further to that question from Hon Robin Chapple, I ask why the Electricity Industry Bill does not contain an equivalent division 4 of part 4 of the Electricity Corporation Act 1994, which deals with ministerial directions and general provisions. For instance, it provides for directions to the corporation, the minister giving directions, directions contrary to commercial interest, when directions take effect etc - all the things we expect in the area of ministerial direction. I am concerned to be told now that the scheme of arrangement for publishing ministerial direction has not been finalised as yet. It seems to me that this Parliament is entitled to know and agree with the methodology to be used for the publication of ministerial direction. I do not think that is a matter for regulation. It seems to me very much a matter that should be within the primary legislation. I am interested in the minister's comments.

Hon TOM STEPHENS: In response to the second point made by Hon George Cash, the method by which the minister's policy directions to the market rules panel will be communicated and made public will be determined by regulation. I refer the member to clause 124(2)(b) of the Bill. Effectively, the regulations that will spell out the answer to Hon Murray Criddle's question will be laid before the House and, if a method emerges from the consultative process that does not satisfy any member of the House, that member can move for those regulations to be disallowed so that an alternative process can be adopted that reflects the view of either that member or the majority of members in this Chamber.

The Bill does not have the detailed part that has been described by Hon George Cash because we are setting up a market scheme that applies to not only the corporatised statutory body, or the framework inside which that will operate, but also the private sector. It is judged not appropriate to equip the minister with all the powers that are contained within that part of the current legislation. Typically, Labor Governments like to direct the private sector as to what it will and will not do from time to time. We have resisted our traditional urges and embraced a scheme that has a more general application to both the corporatised power provider that operates from a statutory base as a government utility and a framework that covers the private sector in this market.

New clause 126, as amended, put and passed.

Hon GEORGE CASH: Mr Deputy Chairman, I do not request that you read out the new clause 127, but will you indicate how many subclauses it contains and give the final words in new subclause (5) so that I know that we are talking about the same proposal? I am sure we are, but there seems to be some doubt.

The DEPUTY CHAIRMAN: I will clarify the position. I am reading from supplementary notice paper No 249 issue No 4. The proposed new section 127 is headed "Public consultation" and has five proposed subsections, four of which are on page 10 and the fifth of which is on page 11.

New clause 127 put and passed.

Postponed clause 124: Matters to be dealt with in regulations -

Resumed from 4 March after Hon Robin Chapple had moved the following amendment -

Page 76, after line 4 - To insert -

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- (b) provide ways and means intended to produce 10 per cent of electricity from renewable resources by June 30 2010.

Hon ROBIN CHAPPLE: I ask for confirmation that we are dealing with the clause to which I moved the above amendment.

The DEPUTY CHAIRMAN: I will clarify that. The clause is headed "Matters to be dealt with in regulations" and it contains seven proposed subsections which are set out on pages 75 to 78 of the Bill.

Hon ROBIN CHAPPLE: I moved an amendment that was defeated. I then sought to move a new amendment which we got stuck on.

The DEPUTY CHAIRMAN: The amendment I have does not say that. Will the member read out the amendment to clarify the position?

Hon ROBIN CHAPPLE: The amendment is -

Page 76, after line 4 - To insert -

- (b) provide ways and means intended to produce 10 per cent of electricity from renewable resources by June 30 2010.

Hon TOM STEPHENS: The Government has previously given a detailed explanation of why it does not support this amendment. If the Committee wants me to go through those arguments at this time, there are three pages of suggested comments.

Hon George Cash: Summarise them.

Hon TOM STEPHENS: We want to facilitate a competitive and robust renewable energy industry in Western Australia. As part of the Government's effort to achieve its electricity reform agenda, we want to develop a fair, open and competitive electricity sector that removes existing barriers to renewable energy generation. This is the succinct version of the argument. The Government is not able at present to support the specific renewable energy target that has been moved by Hon Robin Chapple. The target had only been considered in the context of achieving a fully competitive and cost-effective electricity sector, which would assist in offsetting the higher cost of renewable energy. There is now doubt in the view of the Government that it will be fully realised without the restructuring of Western Power. In those circumstances, we note that the Electricity Industry Bill provides very sound mechanisms for implementing renewable energy or other environmental measures in the future should these be considered appropriate. The target being moved by Hon Robin Chapple in his amendment is opposed by the Government.

Hon ROBIN CHAPPLE: Obviously the minister has a significant document in front of him that outlines a number of issues. Is it appropriate that the minister table it? I am seeking advice. Is the minister interested in doing that?

The DEPUTY CHAIRMAN: The member may request that of the minister but it is entirely up to the minister whether he will do so.

Hon TOM STEPHENS: I am quoting from documents that I do not intend to table. They have been prepared as briefing notes for me for the handling of this legislation. A whole swag of other information has been made available to Hon Robin Chapple. On this occasion these notes are for my handling of the Committee's consideration of the amendment moved by Hon Robin Chapple.

Hon GEORGE CASH: Hon Robin Chapple has for some time indicated that he wishes to have the Bill amended to ensure that it includes reference to renewable energy and, preferably, that it mandates a specific percentage of energy that is to be derived from renewable resources. In the first instance, he suggested that the figure be 20 per cent by 30 June 2010. That figure has since been changed to 10 per cent. The first amendment that was discussed was defeated. Hon Robin Chapple has now come back with different words and a different proposition aimed at achieving the same objective, to see whether it will gain the favour of the Committee. I admit I am confused about the Government's position on the amount of electricity that should be produced from renewable resources, because some days ago I read in the newspaper that the Government appeared to have agreed to a proposition from the Greens (WA) that a figure of 10 per cent was acceptable. Through comments made by the minister handling the Bill in this House, the Government has indicated that a formal agreement was never in place, but somehow the newspaper wrote a story that implied that there was some sort of informal arrangement.

We, in the Liberal Party, have considered the words that have been proposed in all of the amendments submitted both formally and informally by Hon Robin Chapple. We recognise the benefits of using electricity that is derived from renewable resources. We are keen to promote additional use of renewable resources. However, we

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do not believe that a specific percentage should be mandated; therefore, we do not agree to this amendment. In general terms we are keen to see greater use of renewable resources, but our advice is that the words that have been chosen - that is, "ways and means" - could be interpreted in a number of ways. The definition of the words "ways and means" in *The Macquarie Dictionary* is "methods of accomplishing something". If the words "ways and means" are deleted and "methods of accomplishing something" are inserted, it tends to change the effect of the regulation. As much as we understand where Hon Robin Chapple is coming from, we are not prepared to go that far and require that a specific amount of electricity be generated from renewable resources, because we think that would impose an unreasonable imposition upon industry, when we are not able to predict the consequences that might flow from such a regulation. As I have said to members in my organisation, rather than include this in the Bill and then be unsure as to what the consequences will be, we should create a policy that strongly supports the use of renewable resources. The result might be better achieved by the use of policy statements rather than specifying mandatory amounts of electricity that must come from renewable resources.

I make those general comments because I know that Hon Robin Chapple has had significant negotiations with the Leader of the Opposition and the shadow Minister for Energy on this matter. I am aware that they have reached some general agreement on the proposition. When Hon Robin Chapple came to me last Friday evening, after the first amendment had been defeated, and proposed a different set of words - it may be that another amendment containing those words will be moved in a moment - I immediately sent the proposed amendment to John Day. The matter was raised formally in the Liberal Party, because, bearing in mind the importance of the use of renewable resources, I wanted a formal decision to be made on the issue so that everyone knew where they were going. That matter was considered this morning and again, because of the alleged vagueness of the words and the unpredictability of what might flow from the proposed amendment, it was not agreed to by the Liberal Party. I was asked to convey that message to Hon Robin Chapple. I understand where the honourable member is coming from, and I hope he understands where members of the Liberal Party are coming from. Whilst we support electricity being generated from renewable resources, we believe that that can be achieved incrementally and should not be specifically mandated.

Hon MURRAY CRIDDLE: I understand the intent of the amendment. Industry has expressed to me that there are dangers in imposing a cap. Around Australia the generation of renewable energy is being encouraged in a number of ways. I was involved in the hydrogen fuel cell project, which has nothing to do with generating this sort of electricity, but it is involved in generating power. That project is in its infancy, but I would like to see it developed further. I have seen it working in Germany and the fuel cell bus has been demonstrated to the public here. That is one of the ways in which technology is developing the generation of power. I cannot see any advantage in putting a cap on it; in fact there may be some disadvantages. In Geraldton enormous developments are being mooted for the generation of wind power. I think these things will develop as the opportunities arise and technology advances around the world and across Australia.

Hon JIM SCOTT: It is interesting to hear the views of both the Government and the Opposition - I do not know whether the National Party is part of the Opposition or not. Some discussion is going on about that and I am not sure of the position.

Hon Murray Criddle: I read about it in the newspaper.

Hon JIM SCOTT: I will include the member of the National Party. It is interesting that everybody wants to support renewable energy but nobody wants to do anything about it. Everybody wants to talk about it and make noises about it, but nobody will put anything in place to ensure that something is done about it. The Government also said that it wants to support the generation of renewable energy. The reason we want to support renewable energy in this State is that already we are feeling the impact of the lower level of rainfall in recent years, global warming and climate change.

That is already creating a significant cost for our community. That is the reason we need to do something about renewable energy. The Government realises, of course, that the production of energy in this State from non-renewable sources, particularly coal, is one of the major causes of greenhouse gas and climate change. Therefore, the Government has said that it is in favour of doing something about it. Furthermore, the Government has said that it has put in place a sustainability policy that will look at the triple bottom line. However, how has the triple bottom line been applied to the energy market? That is what I want to know. If the Government were to apply the triple bottom line to the energy market in this State, it might be able to move forward. However, that is not what the Government is doing. The Government is trying to make the renewable energy sector compete unfairly and in a totally inappropriate way with the traditional carbon-based energy industry. What the Government is doing is a mockery. Both the Government and the Opposition - regardless of whether that includes the National Party - are playing with words and do not intend to do anything about this matter, despite the huge cost that they are thereby shoving onto the community. The reality is that if we properly embrace renewable energy, as a handful of countries are doing, there will be significant opportunities to invest in

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that business, as well as in the use and sale of the technologies. This State has a backward-looking Government that is not following its own policies on global warming and sustainability, and an Opposition that is probably even worse than that. Because the Government is failing to adopt proper measures to attract renewable energy, all this State can look forward to is an ongoing failure to deal with climate change and sustainability.

Both the Government and the Opposition are being totally disingenuous on this issue. They are trying to pretend that they want to do something about renewable energy. However, they are not willing to move an inch on the provision of gas and electricity because they do not want to impact on the money they can make from flogging as much carbon-based energy as possible. That is a very short-sighted attitude, and they should be ashamed of themselves.

Hon PETER FOSS: This is an interesting issue. I do not think Hon Jim Scott fully understands the concerns that people have raised. We recently had a demonstration of the problems that arise with a base-load electricity system when we cannot draw on the extra power that we require. The difficulty with using renewable energy for a base-load power system is that the supply is often not reliable; therefore, it may not be available in an emergency. Some countries are able to get over the problem of intermittent supply by storing the electricity. However, it is not all that easy to do that in Western Australia. For example, we do not have any hydro-electric power systems that we can run in reverse so that we can put all the water back up at the top and let it run down again to generate electricity. I remember seeing a gentleman at Murdoch University who was carrying out research into an alternative method of storing electrical power in the form of a liquid chemical. I remember distinctly that the liquid appeared to be purple in colour. At the time he had not managed to perfect it so that it worked, and I think we would have heard by now had he done so since that time. That was actually a very simple method of storing electricity. The more normal way of storing electricity is in batteries. Batteries are all very well, but they are hardly very environmentally friendly.

I am being interrupted by squeaks. The minister can actually turn that noise off. If he goes into preferences he will find that he can make a selection so that the sound will be turned off, and we will then not get those funny little squeaks all the time. I would perform a lot better if I was not interrupted by squeaks.

Hon Norman Moore: You would think that the minister who was handling the Bill would be listening to what you have to say.

Hon PETER FOSS: Particularly he should be listening.

I remember also seeing a Homeswest house in my electorate that had been adapted to use solar energy and that was oriented in the right direction and had photovoltaic cells on the roof that could draw energy from the sun. I applaud that. It is a very good idea. However, I noticed that in the house there was a huge pile of car batteries. There were about 80 or 120 batteries. That is a lot of lead. Car batteries can be used in such a way that they last a long time, but they do not last forever. One of the by-products of solar energy is that it needs to be stored in batteries.

Hon Murray Criddle: Those of us who had a 32-volt system know that very well.

Hon PETER FOSS: Yes, and then to get that energy into the grid we need to be able to turn it back into alternating current power. I believe we can gain a lot more not from alternative and renewable sources of energy but by reducing our consumption of energy. That has been a big interest of mine, and that is one of the reasons I was very pleased that our Government introduced the undergrounding of power. Well before I entered the Parliament, the city of Chicago carried out a study to find out the effect of the heat sink of the roads in Chicago.

Hon Jim Scott: I agree with what you are saying, but on the other hand how do we do that?

Hon PETER FOSS: The member should let me develop my argument and he will then see why I am saying this. I think this heat sink study was in about 1979, so it was quite a while ago. The study found that during the summer months, the heat sink effect of the roads in Chicago cost the city 400 000 cubic metres of greenhouse gas per hour in unnecessarily consumed power. It actually calculated that that was costing the city of Chicago \$US400 000 an hour. The undergrounding of power is far more worthwhile than putting in renewable energy, because if we take energy from renewable sources we interfere with the environment. An entire environment may exist on the kinetic energy of tidal power. Therefore, if we remove that tidal power, we interfere with that environment. If we put up a wind farm, we are disturbing the wind currents that are passing over the land. I do not know what effect renewable energy may have. The precautionary principle that the Greens seem to espouse would dictate to them that they should not do it until they know what the effect will be.

Hon Jim Scott: No it would not, actually.

Hon PETER FOSS: If it is something that the Greens want, they forget the precautionary principle. If it is something that other people want, they want to apply the precautionary principle. I have already raised some of

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the problems with photovoltaic cells. It is very expensive to produce a photovoltaic cell. A lot of nasty metals need to be put into the cell. Therefore, I was pleased that the Court Government began the program of undergrounding power. It took a while for people to accept it. I tried to sell it to people as a positive environmental project. It is a positive environmental program. Cities are a major problem through the creation of heat. Another major issue is electric engines. Australia has been one of the worst advanced countries in the world regarding the take-up of modern electric motors, which use one-third of the power of old motors. The payback through changing to electric motors is very large indeed. Therefore, the Greens are putting the cart before the horse because its resolution is based on old-fashioned thinking; namely, that we should always consume more power, and the simple answer is to impose an artificial restriction on the type of power used. The risk is that in many cases the use of this power is not that sensible in the circumstances. I have no problem encouraging the use of renewable power, and putting some pressures on Governments in that regard. However, I find capping to be ludicrous. Why that amount? Will we end up with tidal power stations because they generate renewable energy? Will we end up with wind farms all over the place? Will we have thousands of lead batteries everywhere? I would rather encourage research into better batteries.

Hon Robin Chapple: Or demand management.

Hon PETER FOSS: Yes, all of those things. Why pick something like this? I know it is a popular catchphrase. I support renewable energy; I have no problem with it. However, it is a popular catchphrase, and this amendment misses the guts of what we must do. Many priorities are far ahead of this solution. Sometimes it is a matter of pounding the use of renewable energy into the brains of appropriate people. I constantly had a go at people at the Office of Energy. They never bothered to look at a study I recommended to them, even though I gave them the reference in the *Scientific American*. Everybody is into the trendy and sexy types of renewable energy, not the important areas such as reducing the amount of energy used. Saving energy saves money; it does not cost money. Inserting a 20 per cent renewable energy use requirement in all energy use will cost money; also, it is thoughtless. It is a popular catchphrase, it is sexy, it is easy to say, and it does not require people to think.

Hon JIM SCOTT: Hon Peter Foss has raised a number of issues. He basically said that we should concentrate not on renewable energy, but on energy saving. The Greens (WA) have already expounded strongly that that is one of the most important courses of action. The amendment is not about energy saving; it is about renewable energy use. Before one can save energy, one must have energy. Energy will be used unless all energy can be saved, which is not even the remotest possibility. I will not go into the member's wind energy comments. It is not realistic to suggest that we can do without energy at all. Energy must be provided.

Unfortunately, both this Government and the previous Government have moved to encourage the use of gas supplies in this State. They consequently have provided a more competitive market to provide energy at a lower cost to the consumer. On the one hand, that sounds good. However, it also results in additional power usage. The Greens would very much like to see energy savings developed more strongly by Governments. This area has been neglected. Like everything else concerning this issue, renewable energy use has been tokenistic. I agree in part with Hon Peter Foss.

The type of energy generation proposed in this State is important. We acknowledge that there are base-load situations in which additional energy could be provided through non-base-load sources, like renewables. The reality is that we hear more of the same from Hon Peter Foss's and Hon Tom Stephens' sides of politics. That will not solve the problem. Something strong must be done. Members opposite ask: what is the point, and why impose a cap at a certain level? The proposed level has been considered by people in other parts of the world, and has been regarded as achievable. Strangely enough, people are working towards this target in other places. It is not seen as unrealistic at all. The Opposition and the Government are unable to wean themselves off the simple dig it up and burn it up mentality. The difficulty is making these parties exert a little effort to do things better. They must realise soon that the cost of not doing so will far exceed any benefit from burning coal and gas for power generation. From my point of view, gas certainly is preferable to coal. However, the problem is that before the hydrogen engine comes into place, mobile fuels will be needed. Future generations of Western Australians will be in trouble because of the rate at which these fuels are flogged off, and because of the lack of any proper strategic energy policy. The Greens think that this amendment should be strongly supported. It is not suggested because it is cute, warm and cuddly, but because it makes good sense and is absolutely vital to deal with climate change, which is the greatest threat to our survival.

Hon ROBIN CHAPPLE: Part of the rationale for the amendment is that members must remember that whatever the Committee does to the Electricity Industry Bill, the Electricity Corporation Act 1994 will remain in force. That Act has been used successfully by Western Power to prohibit the introduction of regulations promoting the development of renewable energy. The minister tabled a letter two years ago outlining that he would establish a renewable energy access regime. Nevertheless, that was not to the liking of Western Power, so it told the

Mr Tom Stephens; Hon George Cash; Hon Robin Chapple; Deputy Chairman; Hon Murray Criddle; Hon Jim Scott; Hon Peter Foss

minister to take a hike. Unless we have a mandated system, all actions will be at the behest of the Electricity Corporation Act 1994 and Western Power. Mandated targets apply in many other places in the world. Denmark has a mandated target of 30 per cent of renewable power use by 2010. This amendment will enable Governments to develop a process of renewable energy use by 2010. This level would not far exceed the mandatory renewable energy target scheme, which already provides a two per cent renewable energy use target that is expected to be expanded. It was not a big ask.

Hon Murray Criddle interjected.

Hon ROBIN CHAPPLE: It is two per cent, which is the mandatory renewable energy target. That is about 9 600 gigawatts of generation by 2010.

Debate interrupted, pursuant to sessional orders.

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