

Townsville Enterprise presses for more power

Companies in North Queensland buying electricity wholesale from the National Electricity Market have to pay over 22% more for energy relative to central and southern Queensland. This severely reduces the competitiveness of our northern industry and deters further investment in large projects in the region. The trend of relatively high prices in North Queensland will continue unless base load generation is located within North Queensland.

This is the message CEO Glenys Schuntner from Townsville Enterprise took to the Queensland government this week.

A report commissioned by Townsville Enterprise, MITEZ and Mackay Whitsundays Regional Economic Development Corporation by ROAM Consulting concluded that to maintain a suitable pricing outcome to encourage new load (industry investment) while not disadvantaging generators' ability to have a viable operation, the balance between new base load generation and new connected base load should be such that generation development will be 200 to 400MW in advance of new connected load.

“The North needs Base load generation” said Ms Schuntner, “not only will this reduce transmission charges – charges that are disproportionate compared to the rest of the state – it will reduce inefficiencies created from having to transmit electricity from so far away.”

At present North Queensland gets around two thirds of its electricity from South and Central Queensland, the losses of transmitting electricity from where it is generated to where it is used are a major cause of energy inefficiency. This will be alleviated by the Powerlink upgrade of the transmission lines from central Queensland to Townsville, but still remains an issue.

Base load generation will not only benefit Townsville but the whole Northern Triangle region – from Mackay in the South and potentially Mt Isa in the North - West . Preliminary modelling presented in the report found that connecting Mt Isa to the grid using an HVDC (high voltage direct current) link had the potential to reduce power prices paid by consumers in Mt Isa by 3 to 5 c/kWh. These power prices would be an incentive to expansion of industry in the region, potentially unlocking more of the region's rich mineral wealth.

The ROAM report looked at a number of potential sources of generation. “of course conventional coal-fired power is the cheapest form of generation at present” said Ms Schuntner, “but we recognise that carbon prices are likely to become a reality, so we commissioned modelling of generation costs using different carbon prices”. “Given that efficient gas generation produces around half the greenhouse gas emissions of coal, the modelling showed that gas fired generation is indeed competitive in the short term”.

“Townsville Enterprise is looking to do more work on this in the coming months ” she said “I think it behoves us to see what other generation options are available, including clean coal technologies, that will produce the energy we need to grow in the North while limiting greenhouse gas emissions”

The Queensland State Government has already identified that energy solutions for North-West and North Queensland are paramount to the achievement of the Northern Economic Triangle vision. Ms Schuntner said the government representatives she had met with listened very closely to the findings of the report, “they acknowledge that power is a huge issue for the economic development of the North and have indicated they are willing to work with Townsville Enterprise to help find commercial solutions.”

“Townsville Enterprise will be actively following this issue through in the coming year” said Ms Schuntner “we have already secured a meeting with the minister for Mines and Energy Geoff Wilson to present the findings of the report early next year”

Fast facts

- Townsville pays around 22% more for energy than central Queensland due to the higher charges we incur from being so far from the source of electricity generation
- New Base load power generation needs to be matched with new base load with a capacity between 200 to 400 MW in advance of in order to be a commercial proposition for a generator and provide a reasonable price to users
- Base load generation located anywhere within the Northern Economic Triangle will benefit all of the Northern Economic Triangle by reducing transmission charges
- There is a real opportunity to connect Mt Isa to base load generation in North Queensland with savings potentially between 3 to 5 c/kwh

Ends