

The Guardian

Coalition signals it will provide taxpayer support for new and existing coal plants

Morrison government specifies generation projects will need to be coal, gas, batteries or pumped hydro to be eligible for underwriting

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Labor and the Greens are opposed to any taxpayer support for coal projects and will continue to try and frustrate the Coalition's power generation underwriting program.
Photograph: David Crosling/AAP

The Morrison government has sent a clear signal that it is prepared to provide taxpayer support for both new and existing coal plants, opening registrations of interest in its controversial new power generation underwriting program.

With the government accelerating to cover off major announcements before the Christmas break, the energy minister, Angus Taylor, will on Thursday use an event at a hydro power station in Tasmania to outline the terms of the new program and urge proponents to get their bids in over the summer break - before 23 January.

As well as finalising the criteria for the underwriting program, and calling for expressions of interest, the government is also expected to outline its response to the Ruddock review into religious freedom, and unveil its decision on Australian diplomatic facilities in Israel, before

the end of the week.



Angus Taylor, left, will confirm the underwriting program will potentially fund generation projects including new builds and brownfield projects.
Photograph: Mick Tsikas/AAP

Taylor will confirm on Thursday that the underwriting program - which has been criticised by business groups and energy stakeholders - will potentially fund generation projects including new builds and brownfield projects, like upgrades or life extensions of existing coal generators.

Taxpayer support will be made available to projects through a range of financing options such as underwriting floor prices, underwriting cap prices, grants and loans - although the finalised program guidelines makes it clear that the amount of support available under each phase of the program, and the extent of taxpayer liability, will be

capped.

The government has not published an upper limit on the size of eligible projects but the minimum eligible project size will be 30MW.

The criteria makes it clear that the program is technology neutral but it also specifies that generation projects will need to be coal, gas, batteries or pumped hydro to be eligible for the government underwriting.

The document calling for expressions of interest does not supply any specific guidance on the emissions intensity of the projects. It says only that projects delivering an electricity product at a lower emissions intensity “will be deemed higher merit.”

It also makes clear the program will also be open to foreign investors in the event the proposal can clear Foreign Investment Review Board processes.

As to timing, the document suggests phase one is anticipated to commence in the first quarter of 2019 - which puts some of the decision making pre-election in the event the government goes to the polls in April.

Labor and the Greens are opposed to any taxpayer support for coal projects, and will continue efforts once parliament resumes next year to try and frustrate the Coalition’s program, potentially by attempting to amend the government’s “big stick” divestiture bill, which stalled in the final sitting week, to include a prohibition on power companies receiving commonwealth support.

As well as the underwriting, Taylor has also flagged the possible indemnification of projects from the future risk of a carbon price.

There is speculation around the energy sector that the government underwriting proposal could facilitate an extension of the Vales Point power station near Lake Macquarie in New South Wales. It is owned by Trevor St Baker, who was vocal during a stakeholder session last month convened to discuss the underwriting program.

Ahead of Thursday's announcement, Taylor said: "This program will drive down electricity prices for householders by increasing competition and increasing supply in the market."

He said the objective was to produce a pipeline of projects "that will allow us to bring targeted generation into the system in the right place at the right time".

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