

HAZELWOOD POWER STATION THE FACTS

International Power Australia (IPRA), the largest private generator of electricity in the country, welcomes a sensible and honest debate about emissions.

Our Hazelwood power station in the Latrobe Valley supplies up to 25 per cent of Victoria's electricity. By providing low cost, reliable electricity, Hazelwood has played a major role in helping to build and maintain the Victorian manufacturing economy.

In recent years, a number of interest groups have targeted Hazelwood, making a range of false and misleading claims about the power station and its role in the national electricity market, and particularly its contribution to carbon dioxide emissions.

They are not willing to argue the facts, but are prepared to misrepresent the truth in many cases to mislead the Victorian and Australian community.

The Latrobe Valley's community and hard-working power industry employees deserve better than having their work efforts misrepresented.

This fact sheet clarifies a number of the claims made about Hazelwood - to sort the facts from the myths.

MYTH - Hazelwood was scheduled to be decommissioned by 2009 due to its excessive carbon dioxide emissions. However the State Government in 2005 extended its life until 2031.

FACT - *Wrong. There is absolutely no truth in the claim that Hazelwood was scheduled to close in 2009 due to CO₂ emissions. International Power purchased Hazelwood from the State Government in 1996 with a 40 year life. The Bracks Labor Government subsequently approved an environmental effects statement in 2005 that allowed Hazelwood to move a road and a river to access the coal allocated to Hazelwood at the time of sale.*

MYTH - International Power had already indicated it intended to close Hazelwood power station by 2016 if the proposed Carbon Pollution Reduction Scheme (CPRS) legislation had been passed.

FACT - *Wrong. At no stage has International Power Australia indicated it would voluntarily close Hazelwood power station by 2016. This is a case of some people trying to re-write history to support a current argument. The flawed Federal Government CPRS legislation (both versions) would have forced the station's closure by 2016, which in turn would have raised significant issues of sovereign risk and led to massive shareholder losses, mass unemployment in the Latrobe Valley and threats to energy supply security. International Power has long argued that agreement on a phased closure of all eight Hazelwood generating units over an agreed term in return for a fixed capacity payment would be the most efficient means of achieving deep and early cuts in carbon dioxide emissions from brown coal generating plant. To date, governments have chosen not to pursue this option.*

MYTH - Studies have shown that it is possible to replace Hazelwood by 2012 with a combination of renewable energy, energy efficiency and peaking gas plants.

FACT - *Wrong. No fully independent costed proposal effectively describes the smooth transition and replacement of Hazelwood's 1675 baseload MW generation capacity (11000 GWh of electricity per annum) - which represents up to 25 per cent of Victoria's power supplies. Environment Victoria's claims Hazelwood could be replaced by 2012 are misleading and overly simplistic. Hazelwood and other brown coal generators provide Victoria with an efficient, low cost electricity supply that has been the foundation of the state's economic prosperity for decades.*

MYTH - The jobs in construction and operation of new renewable power plants would more than exceed the 500 jobs that currently exist at Hazelwood.

FACT - *Wrong. Hazelwood directly employs 540 people and at least another 300 contractors. It is also responsible for thousands more jobs in the service industry in Gippsland. The Latrobe Valley power industry provides 1600 full time direct jobs and 4500 more in indirect support positions (source Latrobe City Council's 2026 report). There is no tangible or credible evidence that these full time jobs could be replaced by new green jobs. Major maintenance outages also provide hundreds of casual trades positions.*

MYTH - Hazelwood is an emitter of dangerous pollutants.

FACT - *Wrong. Putting to one side its high moisture content, brown coal is a very clean fuel, with low levels of sulphur. All power generation businesses have strict licence controls on their emissions from the regulatory authorities and are required to report to the National Pollutant Inventory annually.*

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THE FACTS Continued

MYTH - Hazelwood power station is the 'developed world's most polluting power station'.

FACT - *Wrong. A highly biased 2005 study by WWF made this claim using incorrect and selective information. Subsequent research shows Hazelwood is well down the list of the world's CO₂ emitting power plants.*

MYTH - Hazelwood is Australia's dirtiest power station.

FACT - *Wrong. It is assumed 'dirty' means CO₂ emissions. Hazelwood is neither the single largest producer of CO₂ in Australia nor is it the most carbon intensive of Australia's power generators.*

MYTH - Hazelwood pumps out 17 million tonnes of greenhouse pollution each year. That's 15 percent of Victoria's annual greenhouse gas emissions!

FACT - *Wrong. Hazelwood power station averages around 16 million tonnes of CO₂ per year - second in terms of volume in the Latrobe Valley - representing three per cent of total Australian emissions and 13 per cent of total Victorian emissions. Hazelwood has reduced its greenhouse gas intensity by more than 10 per cent since 1996.*

MYTH - Hazelwood power station, located in the Latrobe Valley, is Australia's oldest power station.

FACT - *Wrong. There are several older power stations in Australia. Of the current coal-fired power stations, Hazelwood is the 5th oldest in Australia with its final commissioning date of 1971.*

MYTH - Governments can simply shut Hazelwood or direct International Power to close Hazelwood by 2012.

FACT - *Wrong. Governments set the legislative framework within which the power industry operates. They do not make decisions on whether an asset should run or close. Any attempt to force the closure of a power station through a change in legislation or direct action is likely to create energy security and sovereign risk issues. Sovereign risk is considered an increasing issue in Australia. Any decision on Hazelwood's future is the responsibility of the current owners and lenders. Governments will always be consulted as key stakeholders.*

International Power in its submission to the Federal Government's White Paper in 2008 provided a 10 year phase-out proposal of Australia's older brown and black coal generating plant in return for a tariff that reflected the market value of the asset and respected the equity invested by the owners. This has been publicly available since September 2008. The Federal Government at this stage has chosen not to pursue this option.

MYTH - Hazelwood power station is a massive water user - some 27GL a year.

FACT - *Wrong. Hazelwood's available annual allocation from the Moondarra Reservoir is 14GL but actual use in 2008 was 11.3GL. Hazelwood has in fact reduced its water use per MWh generated by 26 per cent over the past 10 years. The water allocation from Moondarra is supplemented by extraction of artesian water to ensure stability of the Hazelwood mine. This ground water can be used for fire mitigation and it also cycles back to the Hazelwood cooling pondage where it is used again in the thermal cooling process.*

MYTH - If Hazelwood was closed, much of this water could be returned to the struggling Latrobe River which flows into the Gippsland Lakes.

FACT - *Wrong. There is no truth this water would be easily available to the Latrobe River. Artesian water is 55°C and saline. Suggesting this water source could be available for supplementing river flows or community drinking water is factually incorrect, simplistic and misleading.*

International Power operates a diverse mix of assets including renewable, gas-fired and brown coal-fired generating plant in Victoria, South Australia and Western Australia. The company supplies 12 per cent of Australia's National Electricity Market.

We welcome informed and constructive debate on these important energy and environmental issues. However, we believe the debate must be based on fact rather than the myths generated by some activist and interest groups.

The wider Australian community also deserve proper answers about reducing emissions - not simplistic solutions demanding the closure of the Hazelwood power station by 2012.

For more information on International Power Australia, go to: www.ipplc.com.au