



FOR IMMEDIATE RELEASE
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IPR-GDF SUEZ response to carbon tax proposal

International Power – GDF Suez Australia has expressed serious concern at the Commonwealth Government’s proposed carbon tax legislation announced today.

Chief Executive, Mr Tony Concannon said the Government has offered some relief from the proposed new tax package announced by Prime Minister Julia Gillard but this fell short of what was required to avoid financial distress in the generation sector.

“We obviously haven’t had an opportunity to properly review the detail of what is a complex new tax,” Mr Concannon said. “However, what is clear is that a number of important aspects have not been addressed.

“Coal-fired power stations produce over 83 per cent of the National Electricity Market electricity and this has underpinned the Australian economy for many decades and continues to do so today (particularly in Victoria). Wholesale electricity prices remain at a level which is less than half the prices in Europe. It’s important to understand that lower emission technologies are much more expensive than fossil fuel generation.”

Mr Concannon said: “Thousands of people – especially in the Latrobe Valley – work very professionally to produce a product (electricity) which modern society demands on a 24/7 basis. The new policy as set out will be very disturbing news for the people who work in and support the brown coal-fired generating industry in Victoria.

“The government’s announcement makes it clear it is looking for early closure of a large brown coal fired power station in the Latrobe Valley and we understand that Hazelwood will be the subject of continuing speculation. We want to work with the government to remove the uncertainty as soon as possible.”

Mr Concannon said IPR is a world leader in low emission energy, and has had a portfolio of power plant in Australia for over 15 years, but a change in law such as the proposed carbon tax needs to recognise existing and potential future large-scale investments.

The initial Carbon Pollution Reduction Scheme had provided “credit for early action” to reduce emissions for changes made after June 2007. IPR responded to this with new investments although the new policy seems to have ignored this early action.

Mr Concannon said “The National Electricity Market has successfully operated since 1998 with no Energy Security Council being in place. Competition and reliability of supply have thrived. There would be no need for such a new Council if the policy was set correctly.”

“I envisage a lessening of competition in the electricity market, due to a number of factors, and we will seek clarification on a number of points with the Commonwealth Government.” said Mr Concannon

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FOR FURTHER INFORMATION CONTACT TREVOR ROWE ON 0412 259275