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A little unsettled but mainly fine

Business reaction

Paul Garvey and Steven Scott

The proponents behind tens of billions of dollars of proposed liquefied natural gas developments have cautiously welcomed the federal government's emissions trading white paper, but stopped short of saying the scheme would not jeopardise the projects.

LNG developers generally and Woodside Petroleum in particular had been vocal in their criticism of the scheme outlined in the original green paper, but the companies yesterday indicated it appeared the sector would now be hit less than previously anticipated.

Woodside, Santos and American energy giant Chevron, which is proposing the Gorgon and Wheatstone LNG developments in Western Australia, all said it would take time to fully understand the impact of the scheme on the LNG industry, which is expected to support up to $100 billion in new project developments over the next decade.

A spokesperson for Santos said the company welcomed the positive steps taken on LNG in the white paper, while Chevron said the government had made progress in recognising the sector's needs.

''We are committed to the Gorgon and Wheatstone projects, but we need the government to help us get these off the ground, not burden them with additional costs that are not borne by our international competitors. Particularly, at a time when projects like Gorgon are approaching critical funding decisions,'' a Chevron spokeswoman said.

Power retailer and producer Origin Energy said the government appeared to have struck a balance on a range of complex issues.

The aluminium giant, Alcoa, estimated the current proposals would increase costs for the industry by $150 million in the first year and raised concerns about costs from indirect emissions, particularly in Victoria where operators rely on coal-fired power.

''It would be nonsensical to cause carbon and jobs leakage by penalising Victorian operations before viable low-carbon alternatives are available,'' Alcoa spokeswoman Michaela Southby said.

''If these aspects are not adequately dealt with as part of the CPRS [Carbon Pollution Reduction Scheme], we will experience severe economic and job impacts, even to the extent of seeing an increase in global emissions, defeating the main objective of the scheme.''

The niche waste coal mine gas power station industry warned that the entire sector could be wiped out as a result of the scheme.

Small companies, including Australian Stock Exchange-listed Energy Developments and private group Envirogen, currently generate about $150 million in earnings and 215 megawatts of power a year by using waste methane, from coal mines, that would otherwise be burned off to create energy.

Envirogen chairman David Hamill said the paper ignored the sector's contribution to greenhouse gas abatement.

''It means that this emerging part of the power generation sector now faces the prospect of shutting down for good as coal miners have no incentive to do anything other than flare the methane, causing further harm to the environment without obtaining the benefit of producing additional energy,'' Dr Hamill said.

Cement Industry Federation chief executive Robyn Bain estimated the scheme would add $20 million a year to business costs and Australian Plantation Products and Paper Industry Council chief executive Richard Stanton agreed the scheme would impose a cost of tens of millions of dollars.