

May 2008

Issue 23

Watts Energy Pty Ltd

PO Box 58

Hamilton QLD 4007

Ph: (07) 3216 4509

WATTS NEWS

The Watts Checks and Bob extend a big welcome to our new buildings Central Plaza One and 155 Queen Street.
Thank you Jones Lang LaSalle, David Ansell and Melinda Boyle.

SMART ENERGY POLICY

(Obtained from Dept of Mines & Energy Website)

Comment – Interesting we now have a smart energy policy, however, if a customer has been billed incorrectly, appears there is no government body to assist, no procedures in place if you have been billed on incorrect network charges or a wrong NMI but getting correct billing does not seem to matter to Origin or AGL nor the Qld Govt.

The Department of Mines and Energy develops and manages the Qld Government's energy policy and regulatory frameworks in which energy market participants operate.

Reducing greenhouse gas emissions from Qld's stationary energy sector is a key energy policy focus. The Qld Government has introduced regulations and incentives which will ensure the State's continued energy security, while balancing industry competitiveness and climate protection. These measures do not include nuclear power. In response to community concern, the Qld Government has legislated to prohibit the development of nuclear facilities in Qld.

The Qld Government has determined that there is a need to set a target for greenhouse gas emissions reductions. On 12 April 2007, at a meeting of the Council for the Australian Federation, Qld and other Australian States and Territories agreed that a national emissions trading scheme would place Australia on a path towards achieving a 60 per cent reduction in national emissions by 2050 compared with 2000 levels.

On 3 June 2007, the Qld Government released its ClimateSmart 2050 strategy which contained several new Smart Energy Policy initiatives to further assist Qld meet this target. ClimateSmart 2050 positions Qld's stationary energy sector to invest in new technologies and maximise energy conservation in Qld businesses and homes.

Smart Energy Savings Program

In the transition to a national emissions trading scheme, the Smart Energy Savings Program will require Qld's medium-to-large energy users to complete energy conservation audits and develop energy management plans detailing actions that reduce energy use. This program will be supported by a competitive grant and concessional loans program – the Qld Smart Energy Savings Fund – to Assist Qld-based businesses to install large-scale energy conservation equipment and technologies.

Smart Energy Savings Fund

The \$50 million Smart Energy Savings Fund provides funding for Qld-based businesses to invest in commercial energy savings projects. The program will offer grants and secured concessional loans distributed through competitive funding councils.

THE AUSTRALIAN ECONOMY: A BRIEF OVERVIEW – from Australian Country Study by Rory Sullivan

Australia is one of the most arid continents in the world. The fragility of its diverse ecosystems and tendency to extremes of drought and flooding render it vulnerable to the effects of climate change. Australia is also exposed to risks such as disruptions to water supply, increases in the severity of storms, floods and droughts, coastal erosion due to sea level rise, and negative human health impacts (eg through an increase in the range and spread of tropical diseases and pests).

Australia's gross domestic product (GDP) in 2004 was A\$821 billion (around US\$616 billion) equating to a GDP per capita of A\$40,604. Services accounted for approximately 74% (just under A\$597 billion including electricity, gas and water supply) of GDP in 2003-2004, with manufacturing accounting for 11% (A\$83 billion), mining 4% (A\$30 billion) and agriculture, forestry and fishing 3% (nearly A\$24 billion).

Australia's exports are heavily dependent on the mining and minerals industry, and on agriculture. Australia is the world's largest exporter of black coal, with over 218 million tonnes exported in 2003-2004, and is among the world's leading exporters of bauxite, alumina, lead, uranium, gold, iron ore, aluminium, nickel and zinc. Agriculture accounts for around 23% of total Australian merchandise exports, with exports worth \$26.8 billion in 2004. Australia is the world's largest exporter of wool and beef, the second largest exporter of cotton, sheep meats and wheat, the third largest exporter of canola and barley and a significant exporter of wine.

Electricity generation in Australia is dominated by coal-fired generation. In 2003-2004, 77% of electricity was sourced from black and brown coal and their by-products, while renewable energy sources, such as hydroelectricity, wind, solar, sugar cane residue (bagasse), wood and biogas accounted for 7%, natural gas 14% and petroleum products less than 1%. Australia has no nuclear energy and limited hydro-electricity capacity.

Australia is continuing to experience strong economic growth driven by demand for its agricultural and mineral commodities. This growth, when taken together with the expected 36.8% increase in Australia's population over the period 1990-2021 and Australia's reliance on long-haul transport across vast distances, is likely to continue to exert pressure on resources and energy use well into the twenty-first century.

GREENHOUSE GAS EMISSIONS IN AUSTRALIA – from Australian Country Study by Rory Sullivan

Australia's greenhouse gas emissions profile is heavily influenced by large energy-intensive industries such as aluminium, iron and steel production, its large agriculture sector and its heavy dependence on long-haul transport.

In 2004, Australia's greenhouse gas emissions totalled 564.7 million tonnes of carbon dioxide equivalent (MT CO₂ (eq)), an increase of 2.3% over the 1990 levels of 551.9 MT CO₂(eq). From 2003 to 2004, emissions increased by 13.9 MT CO₂(eq), or 2.5%.

Share markets have experienced terrible falls since October/ November 2007. This has raised a number of questions. Why have Australian shares fallen more than US shares? Will the Fed's latest attempt to counteract the credit crunch work? Have we hit bottom?

Australian credit card debt has continued to grow, hitting a record \$42 billion, new figures show. The Reserve Bank of Australia released figures showing the total outstanding balance on credit and charge cards rose to \$42,698 billion in December.

The following information was taken from a report 2007/2008 Australian Country Study by Rory Sullivan. One of the most significant influences on Australia's greenhouse gas emissions has been the introduction of a wholesale electricity market across Australia, which has increased the carbon intensity of electricity generation (through favouring low cost brown coal power producers) The Commonwealth Govt has acted to address (at least partially) this market failure by requiring electricity suppliers and large purchasers to increase the quantity of renewable energy purchased by 2% by 2010, as well as providing funding for the commercialisation of renewable energy technologies. In addition, market liberalisation has led to reductions in energy prices in real terms for most consumers in most regions. The relatively low price of electricity in Australia has been a barrier to effective demand side management; in Australia, the rate of improvement in end energy efficiency in Australia over the past decade has been about half the OECD average.

While most current policy measures are directed at allowing Australia to meet its Kyoto Protocol commitments, a number of the measures (e.g. the Low Emissions Technology Demonstration Fund, the Solar Cities trial, a \$100 million Renewable Energy Development Initiative) seek to deliver greenhouse gas abatement options beyond the Kyoto compliance period. Notwithstanding these measures, Australia's greenhouse gas emissions are expected to be 127% of the 1990 level by 2020.