

STATE BUDGET - CARNARVON POWER PROJECT

**437. Hon KEN BASTON to the Leader of the House representing the Minister for Energy:**

I refer to the recent budget and note that there is no reference to the Carnarvon power project under the heading "Horizon Power".

- (1) What amount has Horizon Power put in its forward estimates towards the Carnarvon power project?
- (2) What amount is in the Horizon Power 2007-08 budget for the Carnarvon power project?
- (3) Given that Engen Pty Ltd was the preferred bidder for a gas-fired power station in December 2005, what amount did Horizon Power carry forward towards the Carnarvon power project?

**Hon KIM CHANCE replied:**

I thank Hon Ken Baston for providing some notice of the question. I am advised as follows -

- (1) The Carnarvon power project to which the member refers was a pre-disaggregation strategy of Western Power that sought to meet environmental emissions - that is, noise - compliance by outsourcing power generation in Carnarvon. A competitive tender process was used to select Energy Generation Pty Ltd, known as Engen, as the preferred independent power provider for Carnarvon. As a new business created from the disaggregation of Western Power, Horizon Power re-evaluated the options for complying with environmental regulations in Carnarvon with a view to forming a strategy for the ongoing management of power supplies in the town. That was to assess the economic value of various options and test them for a strategic fit with Horizon Power's purpose. This process determined a course of action whereby Horizon Power would retain ownership of the existing power station; the station would undergo considerable refurbishment; noncompliant plant - that is, plant with noise emissions - would be replaced, thus delivering benefits to the community in terms of noise reduction, local employment during construction and increased automation to the existing station; and, importantly, full consideration would be given to the significant penetration of renewable generating technology in the Carnarvon system that was not contemplated in the original Carnarvon power project. As a result, the Carnarvon power project, as the member refers to it, no longer exists in Horizon Power's planning, and, as such, there is no reference to the project in forward estimates. The project has since been replaced in the recent budget by the Carnarvon generation strategy, to which \$10.5 million is allocated over the period 2008-09 to 2009-10.
- (2) Horizon Power has committed to begin expenditure on Carnarvon's future generation requirements in 2008-09, with the amounts of \$6.5 million in that year and \$4 million in 2009-10 allocated to the Carnarvon generation strategy.
- (3) Horizon Power will not proceed with the Carnarvon power project. However, the business has budgeted \$10.5 million for the Carnarvon generation strategy.