

HORIZON POWER — WEST AUSTRALIAN ALTERNATIVE ENERGY

**230. Dr D.J. HONEY to the Minister for Energy:**

Yesterday the minister announced that Horizon Power had acquired a 50 per cent interest in West Australian Alternative Energy. The press release announced that the joint venture claimed this partnership would support the government's target of an 80 per cent reduction in carbon emission by 2030.

- (1) How was this joint venture relationship chosen?
- (2) Why did Horizon Power not simply enter into a normal power supply agreement with WAAE to achieve the same outcome?
- (3) Is it the case that the government's participation in the JV simply provides WAAE with an unfair competitive advantage over other potential energy suppliers?

**Mr W.J. JOHNSTON replied:**

- (1)–(3) Horizon Power came to me with some problems over the last period of time. The first was the question of purchasing batteries. A massive global effort to reduce carbon emissions is causing supply chain challenges, and Horizon Power's purchases of batteries are not sufficiently large to attract the attention of international battery companies. Therefore, it is actually buying its batteries in conjunction with Synergy, because otherwise it would get no bids for the supply of batteries. Unfortunately, because of the great success we have seen since the change of federal government, where we now have a federal government that is as strongly supportive of decarbonisation efforts as the Western Australian government, that also means that the technical capacity of people to bid for projects is changing. There are a lot more large projects and, again, Horizon Power is finding that companies will not bid for the work it needs done. To solve that problem, Horizon Power approached me to see whether the government would approve a JV with a Western Australian business that would allow Horizon to have a guarantee that it would have someone to do its renewable energy projects.

There followed a rigorous due diligence process that included Treasury analysis and work by the State Solicitor's Office and Energy Policy WA, and a thoroughgoing review that took into account all questions relating to competitive neutrality. I note that Horizon already has a JV called Boundary Power with a company called Ampcontrol that supplies standalone power systems. The question of competitive neutrality was one of the issues looked at. However, I must emphasise that the problem for Horizon is not who it would choose, but rather that it needed to have somebody to bid for the work. We cannot have the important work being done by Horizon Power compromised, particularly as we roll out the regularisation of electricity supply in remote Aboriginal communities—a very, very critical program that is overcoming the previous Liberal–National government's lack of attention to remote Aboriginal communities when it was in power. It spent no money from royalties for regions, just as an example, in remote Aboriginal communities. We have to overcome that history of neglect and we have to make sure that that supply is delivered. When there is market failure, we get government intervention, and that is exactly what we have done.