



Energy & Resources

The Hon. Michael O'Brien MP

Minister for Energy and Resources

PAEC Presentation
16 May 2012

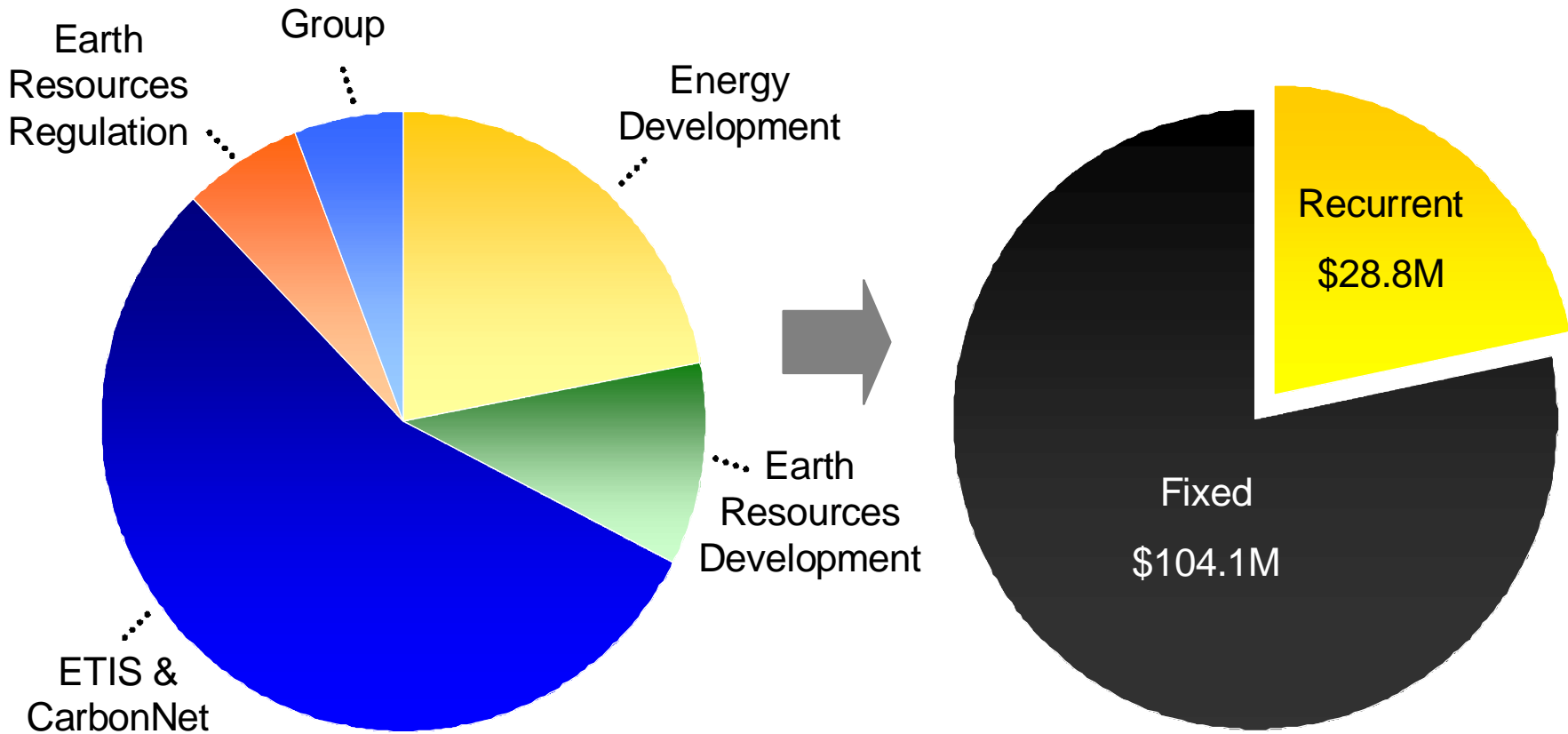


**DEPARTMENT OF
PRIMARY INDUSTRIES**

Portfolio objectives

- Affordable, reliable and sustainable energy for Victorians
- Foster the efficient and responsible development of Victoria's earth resources

State Budget 2012-13



Total = \$132.9 million

Note: excludes depreciation and capital asset charge

State Budget 2012-13

➤ Safer Electricity Assets Workplan

- \$62.5m to progressively replace most dangerous power lines

➤ Advanced Metering Infrastructure

- \$19.8m to implement Auditor-General's recommendations

➤ Facilitating Low Emission Transition

- \$9.5m to manage risks related to the introduction of the carbon tax

➤ Australian Energy Market Commission

- \$4.5m for Victoria's support to help ensure efficient, reliable and secure energy markets for consumers

Implementation of policies

- Response to Bushfire Royal Commission
- Energy efficiency
- Feed-in Tariffs



Implementation of policies

- Coal Allocation
- Carbon Capture and Storage (CarbonNet)
- Energy Technology Innovation



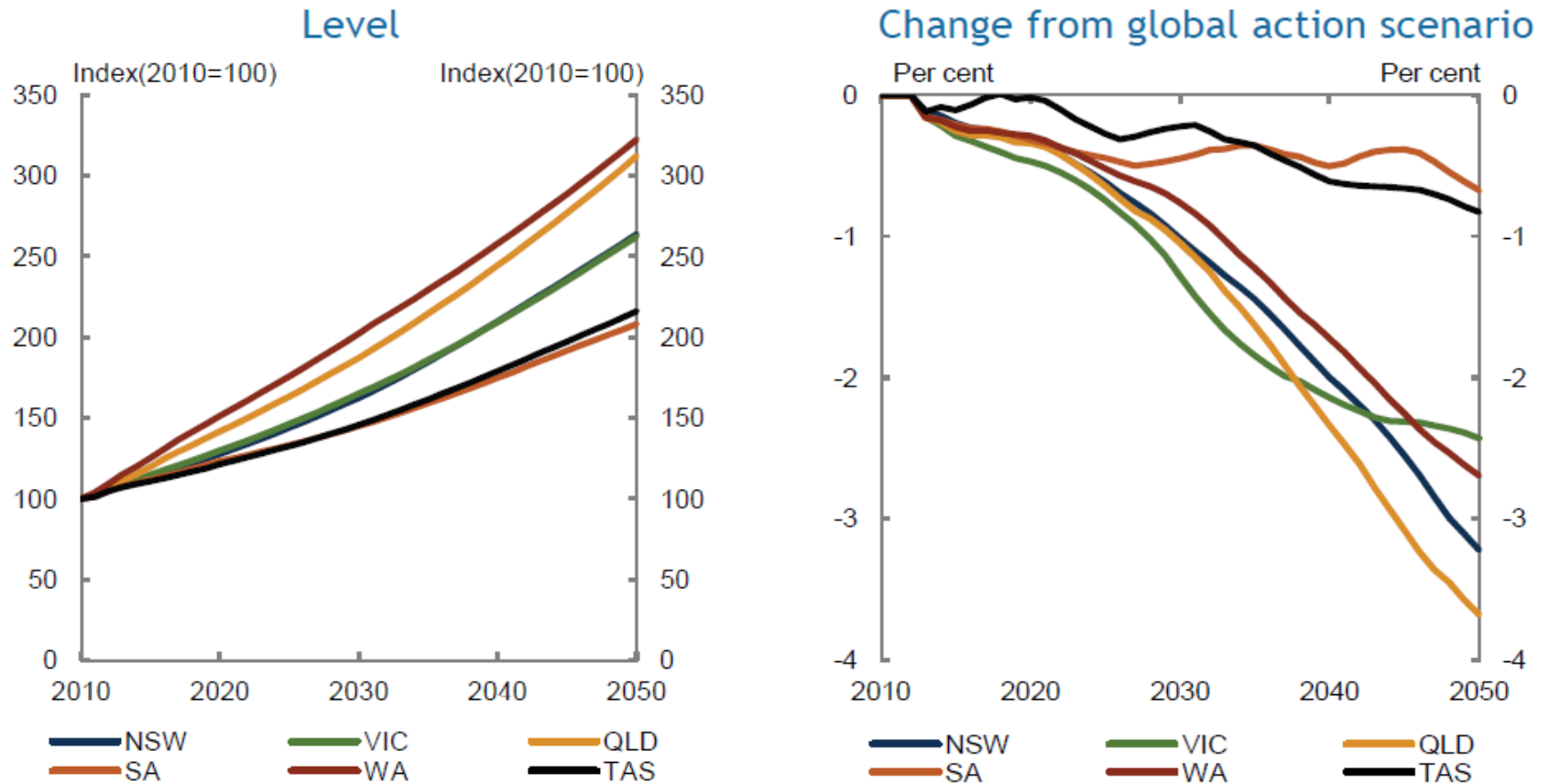
Implementation of policies

- Downward pressure on network pricing
- Advanced Metering Infrastructure
- Alcoa Anglesea Agreement



Impact of carbon pricing

Chart 5.37: Gross state product
Core policy scenario



Source: Treasury estimates from MMRF.



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Carbon Tax Estimates

Carbon Tax = \$25/tonne

Emissions intensity 1.3t/MWh

70% pass through of carbon tax impost

GST

Example:

Customer	Electricity used (KWh)	Current average bill	Bill w. carbon tax @ \$25/t	Net Increase
Melb residence with gas hot water	4,700	\$1,306	\$1,435	\$129 (9.9%)