



MEDIA RELEASE

November 17, 2010

Call for further commitment to geothermal energy industry

Australia can be a world geothermal leader if the nation makes further long-term commitment to building the geothermal energy industry, says AGEA Chairman Terry Kallis.

Mr Kallis said the geothermal industry needed a price on carbon and strong capital funding similar to that received by other clean energy industries such as carbon capture & storage and solar. It also needed infrastructure built to bring low cost geothermal energy into the national electricity market.

“AGEA has always acknowledged that all clean energy technologies have a role to play in the future energy mix. However, at the moment clean coal has a \$2.5b program and solar energy a \$1.6b program yet clean coal is even less advanced technically than geothermal energy around the world and solar energy will stay 2 to 3 times more expensive over the current forecast timeframes – out to 2030. Alongside this, geothermal grants have amounted to \$200 million and these have now been fully allocated,” Mr Kallis said today at the Australian Geothermal Energy Conference in Adelaide.

“Geothermal energy is the only base-load form of new renewable energy and on the Commonwealth’s own predictions is likely to be the lowest cost generation technology by 2030. And, for every dollar spent on transmission, the geothermal sector has the potential to put three times more power into the system than the wind industry – and at a lower price.”

Mr Kallis said the industry was appreciative of State and Federal governments for their support in drilling grants and the Renewable Energy Demonstration Programme grants but that funding programs need to reflect the potential of the technologies. Failure to further support the geothermal energy will result in electricity users paying more for their power than they need to in the future.

“The geothermal industry also joins the call for a price on carbon and we believe the Federal Government got it right the first time with the Carbon Pollution Reduction Scheme (CPRS) green paper in 2008,” he said.

The association supports:

- A price on carbon with a market based emissions trading scheme to maximise efficiency and encourage innovation
- A Target of 25 per cent by 2020 in order to have a material impact and to support a long-term target of 60 per cent by 2050



- Management of impacts, households, trade exposed emissions and intensive businesses
- A Climate Change Action Fund – investment in low emission, energy efficiency, best practice
- The Renewable Energy Target scheme to work with CPRS to 2030

“South Australia has been a pioneer of geothermal development and it is encouraging to now see the industry develop across the other states of Australia. The geothermal industry is ideally placed to supply most of the nation’s renewable energy needs but we need a strong government policy framework to succeed.” Mr Kallis said.

www.ausgeothermal.com

Contact:

AGEA Chairman Terry Kallis on 0419 810 153

AGEA Chief Executive Officer Susan Jeanes 0419 833556

Australian Geothermal Energy Association



Policy and regulatory framework needed to maximize the benefit from Australia's geothermal energy potential

Terry Kallis, Chairman AGEA
17 November 2010
AGEC 2010, Adelaide Convention Centre

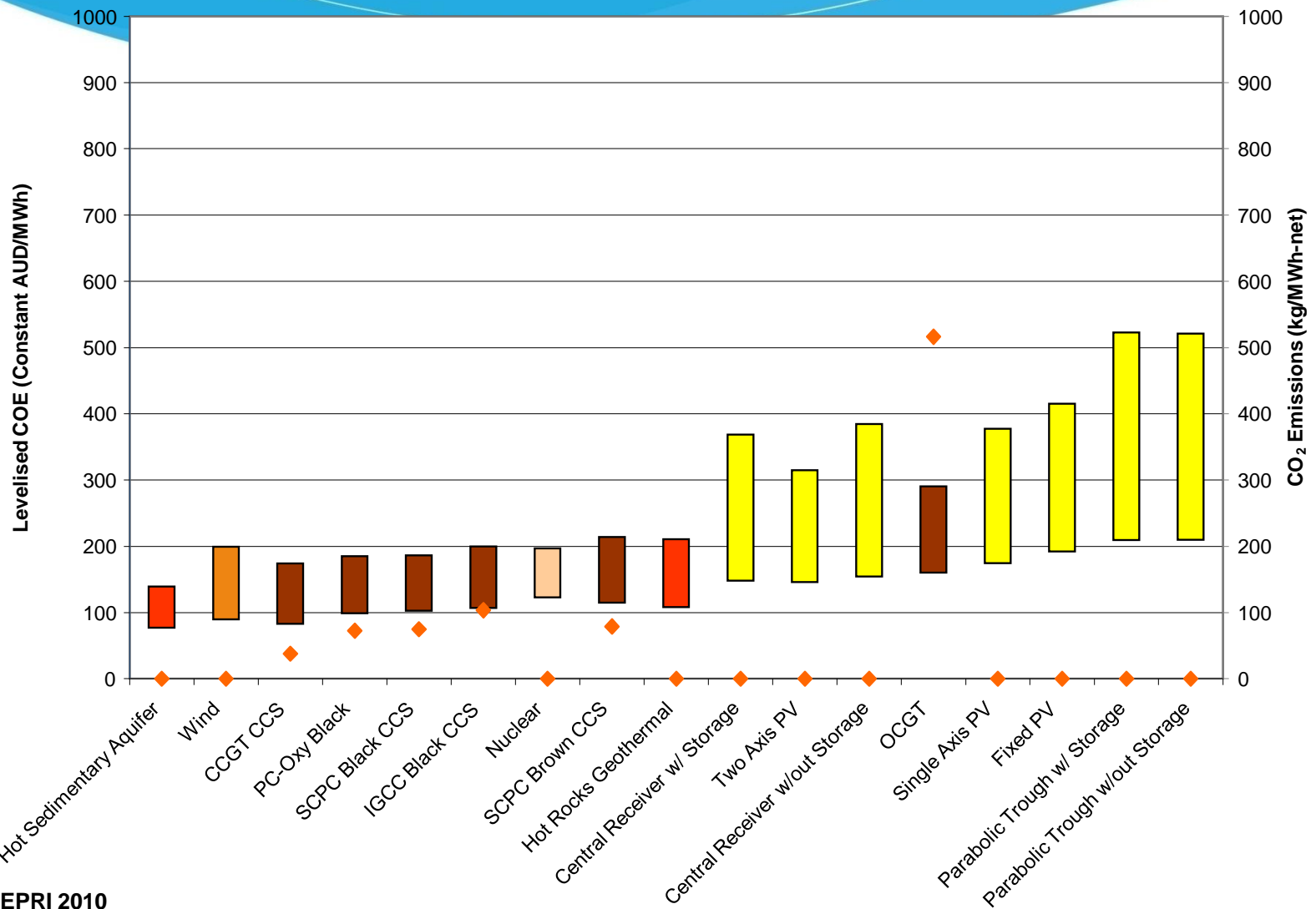
Australia' Geothermal Energy Potential



Geothermal energy – “holy grail of energy sources”

- Abundant and indigenous energy source – just 1% of the available energy is 26,000 times Australia’s annual demand and improves energy security (source Geo-Science Australia 2009)
- Base load energy – reliable and available, efficient use of network
- Lowest cost form of renewable energy by 2030 (source EPRI 2010)
- International leadership/export potential in geothermal technology

2030 technologies with emission intensity



Source - EPRI 2010

Policy and Regulatory Framework

Policy and Regulatory Framework needed

- Price on Carbon
- Capital funding for projects
- Infrastructure for, and incorporation into network

Price on Carbon

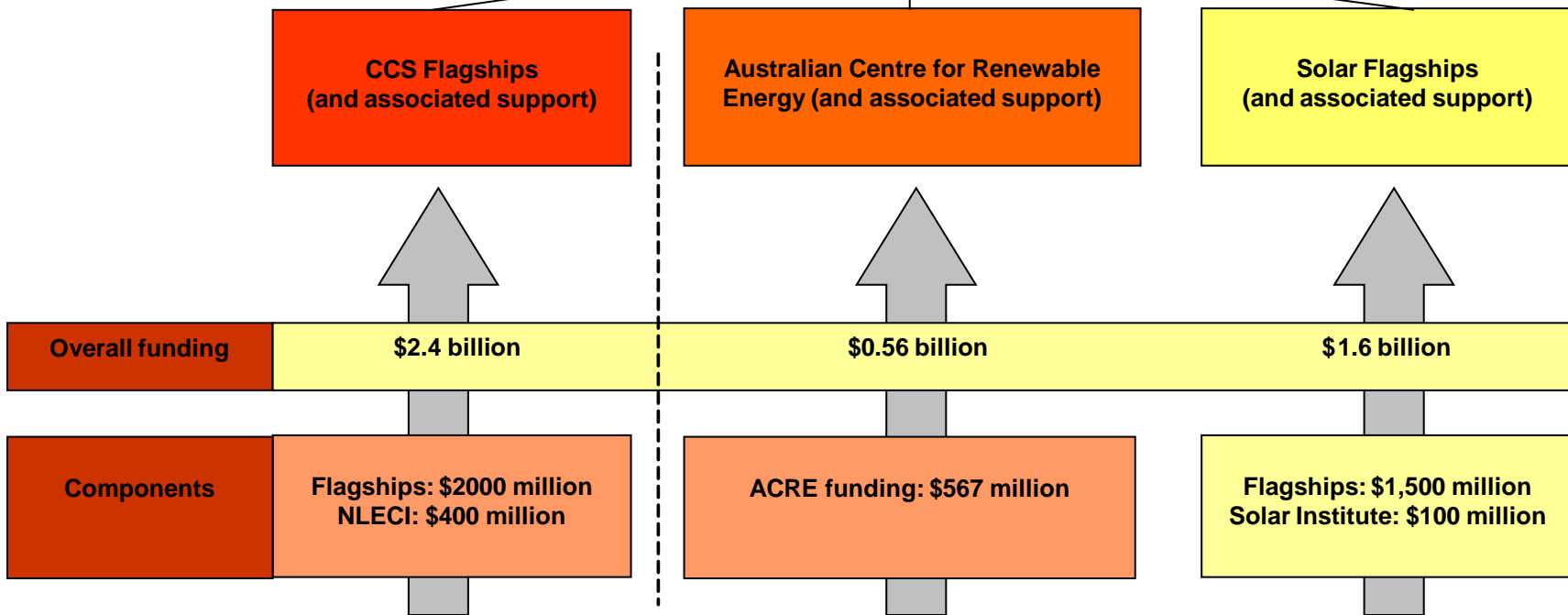
Price on Carbon – “the government got it right the first time with the CPRS green paper in 2008”

- CPRS with a market based emissions trading scheme –maximizes efficiency and encourages innovation
- Target of up to 25% with a reasonable trajectory to have a material impact and to meet long term target of 60% by 2050
- Management of impacts, households, trade exposed emissions intensive businesses
- Climate Change Action Fund – investment in low emission, energy efficiency and best practices
- Renewable Energy Target scheme to work with CPRS to 2030 – right first time except for exclusion of direct use, recent changes resulting in near term REC oversupply

Capital funding of projects

Geothermal capital funding of \$200m within ACRE \$560 million

Funding is an order of magnitude lower than CCS and Solar – despite low cost potential of geothermal



Infrastructure and the NEM

Geothermal base load – “lowest cost by 2030, efficient use of power network and reliable/available source that improves energy security”

- High availability of generation matches with high availability of networks
- Scale Efficient Network Extensions – excellent concept being thwarted
- \$ 1 billion Connecting Remote Renewables Fund – a good start
- Existing NEM objectives/rules – seeking lowest cost delivered source

“Delivering renewables: The SA example”

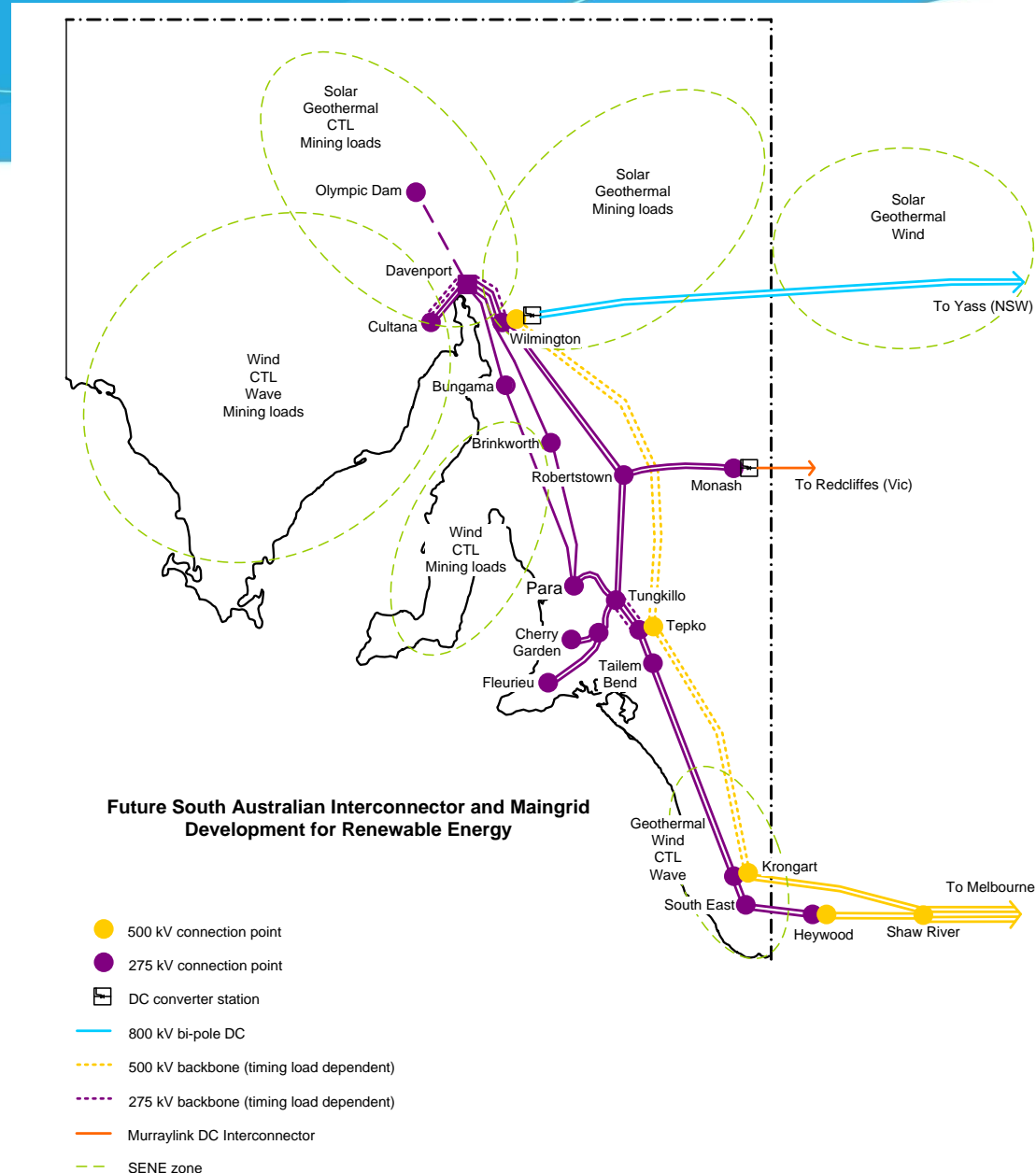


SA can be a renewable hub and a major supplier of the nation's RECs

Transmission system within SA needs a step change in capacity (as with most states)

New interconnections needed and expansions to existing interconnections

Need a coordinated approach national and state



Summary

To maximize the benefits of Australia's geothermal energy potential policy and regulatory framework is needed in the following areas;

- Price on Carbon
- Capital funding for projects
- Infrastructure for, and incorporation into network