



**Kim Booth MP**  
Member for Bass  
**Tasmanian Greens**

Monday, 14 June 2010

The Hon. Michael Aird MLC  
The Treasurer  
Level 9, the Executive Building  
Hobart, TAS 7000

Dear Treasurer,

I am writing on behalf of the Tasmanian Greens Party Room in relation to the growing concern over Aurora Energy's immediate financial situation, as well as the security of Tasmania's energy sector in the long-term.

We are aware that the Government is proposing to introduce regulations that direct the Economic Regulator to take account of the increased energy generation costs to Aurora Energy of the AETV, which in our opinion will inevitably result in an increase in regulated electricity tariffs over the next year. Any power price rise increases from these measures will come on top of price increases last year which many in the community struggled to cope with.

The Greens are deeply concerned about the impact of any further power price rises on all Tasmanian consumers, especially the more vulnerable in our community. I must put on the record that we are also disappointed that despite years of warning this current situation has been allowed to occur. I do acknowledge you would also share our concern that the expected price increases come at a difficult time for many people.

As you are aware, the Greens are not convinced that the only way to rescue Aurora is to just sanction the proposed regulations. Without attempting to get to the bottom of the industry's poor performance and to inform other possible measures the proposed regulations would not be acceptable.

However, without access to all relevant and financial information we have no choice but to accept at face value the Government's assessment of the seriousness of Aurora's financial situation, one which you have described to me as a potential 'Californian-style' crisis. You have also advised that there is no capacity for a debt-swap, or asset transfer from Transend or Hydro Tasmania to Aurora Energy.

The Greens recognise that it would not be in the public's best interest to allow Aurora Energy to become insolvent, but at the same time we cannot accept as the only step taken, a measure which in our opinion will result in power price increases.

After serious deliberations, the unanimous decision of the Greens' Party Room is that we will not disallow the proposed regulations, on the following conditions:

1. That an independent Review of the Tasmanian Electricity Industry will be established as soon as practicable, which will consist of an appropriately resourced Expert Panel. Further, that this Review will inform the development of a State Energy Strategy; and
2. That development of a Cost of Living Strategy is expedited.

Further, that the negotiated Energy Review and Terms of Reference will provide the Panel with the capacity to examine all decisions and relevant matters that have contributed to the challenges facing the State's energy sector, including but not restricted to, the assumptions behind Basslink, the impact of joining the NEM, the purchase of AETV and decommissioning of Bell Bay Thermal, as well as the current interactions between the energy entities and the broader energy sector.

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We recognise that due to the specific expertise required to undertake the Review's Terms of Reference that the Panel must consist of persons with the appropriate expertise rather than politicians, and therefore a Parliamentary Committee is not an appropriate vehicle for this inquiry. However, as discussed, I seek your assurance that the following undertakings in relation to the Review will be delivered:

- i. The Greens will be able to nominate potential panel candidates to the selection panel;
- ii. That any legislative arrangements necessary to provide the Expert Panel with all appropriate powers to subpoena witnesses and documents shall be expedited, rather than wait until the Panel identifies that they need this ability before this is progressed;
- iii. That the government will fully consider the implementation of all recommendations made by the Expert Panel; and
- iv. That all findings and recommendations regarding the development of a State Energy Strategy are prioritised and expedited.

It is the Greens' view that this important and long-awaited review of Tasmania's Energy sector, and the undertaking that the investigation will inform the development of a State Energy Strategy as a matter of priority, will put our crucial energy sector on a sustainable footing, and should minimise price increase into the future.

We believe that this Review and the subsequent State Energy Strategy will deliver certainty to the energy sector and lower power prices for Tasmanians than would otherwise be the case, and it is on this basis that we will not disallow the proposed regulations to keep Aurora Energy solvent in the interim.

As a courtesy I also wish to inform you that I will be making this letter publicly available once the announcement has been made.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Kim Booth', with a long horizontal flourish extending to the right.

**Kim Booth MP**  
**Member for Bass**  
**Greens Energy spokesperson**