



The Sydney Metro ?

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As part of the planned privatisation of most of NSW's power generation and electricity distribution infrastructure, Premier Morris Iemma is proposing to build a new subway system to supplement the existing Sydney rail network. The SMH describes the plan in "[Billions for metro lines in asset sale](#)".

THE Iemma Government is finalising plans for as many as five metro subway lines to criss-cross Sydney, to be funded from the sale of further state-owned assets. ...

His comments follow the Government's announcement that it plans to tap funds from the \$15 billion sale of part of its electricity assets to help pay for the first subway line - almost certain to be a metro from the Sydney CBD, running under Parramatta Road towards Olympic Park - to be announced next month. This line would be cheaper than the other subway lines proposed as it would not require a harbour crossing, and would be a trade-off for building the M4 East motorway extension, which is subject to strong local opposition.

Parramatta Road, Victoria Road, Anzac Parade and the northern beaches have a serious shortage of fast transport links and there have been long-term proposals to give them all a European-style metro subway system - on which trains are shorter, stations closer and services much more frequent. Details of the metro lines being studied by the Government are unclear. But the Premier, Morris Iemma, said yesterday: "It's not if Sydney gets a metro, but when." ...

The former co-ordinator general of rail Ron Christie proposed to cabinet in 2001 that three metro lines needed to be built by 2020. One would run from Cronulla, through Miranda and Sydney Airport, then to Glebe and Sydney University, crossing the harbour to Willoughby and on to Dee Why via Chatswood. A second line would start at Parramatta and pass along Victoria Road and then through the city to the University of NSW before terminating at Sydenham. His third line was to run from Hoxton Park to Parramatta, then on to Northmead and Baulkham Hills and on to Castlereagh.



Assuming all of this plan is actually implemented, it would greatly help to cushion the impact of peak oil on Sydney residents. Based on Griffith University's [oil price and interest rate vulnerability](#) survey, the Northern Beaches area serviced by the Cronulla to Dee Why line includes the only vulnerable part of the north shore, and the Hoxton Park to Castlereagh line services a large swathe of very vulnerable areas in the south west to north west corridor.

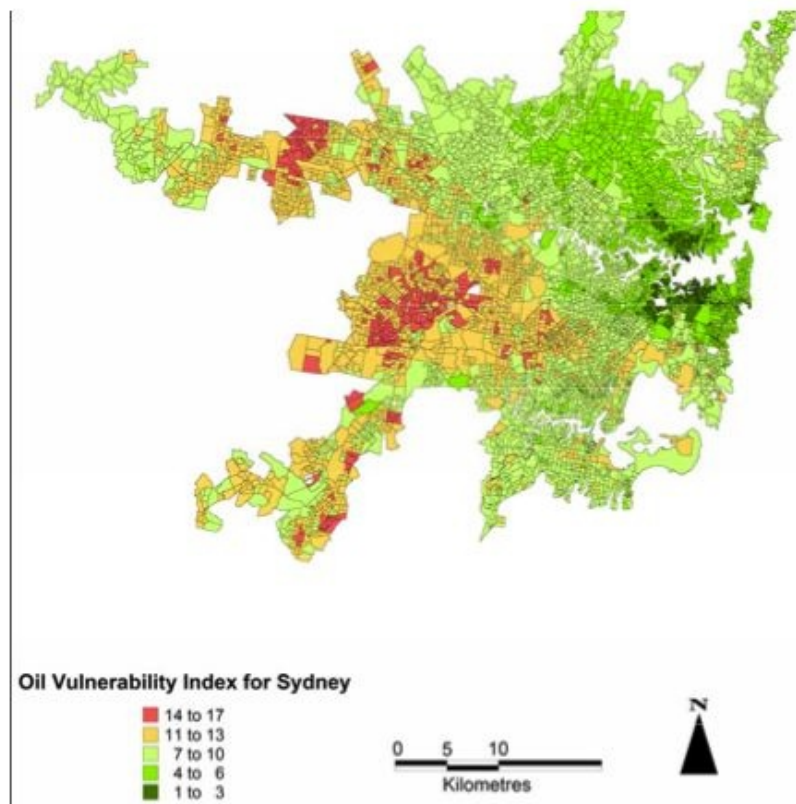


Figure 6: Oil vulnerability in Sydney.

Hugh Outhred from UNSW has a column in the SMH outlining some steps needed to address climate change as part of the privatisation process - "[Privatisation must weather climate change](#)"

Climate change and weather uncertainty were important factors last year and they are again this year. Low and uncertain rainfall adversely affects power stations as well as farming and ecosystems.

Faced with the need to rapidly and drastically reduce greenhouse gas emissions while the demand for electricity continues to grow, Mr Iemma and his Treasurer, Michael Costa, are right to say that to do nothing is not an option. But that does not mean that the sale of the state-owned electricity retailers and the lease of the state-owned electricity generators is a necessary and sufficient response. On the contrary, it risks locking in the status quo for the indefinite future.

There should be a broader discussion of all the available options. Sadly, the electoral cycle may demand that big decisions be taken now. If that is the case, Mr Iemma and Mr Costa should do more than sell the retailers and lease the power stations, with worker compensation and supplementary infrastructure spending.

They should also take the following important steps to address climate change, consumer rights and end-user participation in the industry:

1. Demolish the old Munmorah power station before either leasing or selling the cleared site with the condition that a new, but not coal-fired, power station be built there and be commissioned by 2014. This would assist serious development of gas-fired generation in NSW, which Queensland has already achieved with its "15 per cent gas" scheme. The Munmorah site could also be repowered at greater capacity than it supports and with lower environmental impacts, reducing the contentious need for new sites. There is a precedent for this in the rebirth of the Tallawarra power station as a 400 MW combined cycle gas power station.
2. Place a licence condition on all NSW electricity retailers requiring them to assist small business and residential electricity consumers to achieve energy-efficiency improvements and bill reductions as part of their community service obligations. It is important that this condition be in place before the proposed "smart meter" rollout.
3. Develop a formal retail electricity market in conjunction with other participating jurisdictions to take advantage of the proposed "smart meter" rollout to promote efficient and effective participation by end-users in the National Electricity Market.
4. Work with other jurisdictions to amend the existing legislative framework for the electricity industry to provide better legal protection for small business and residential consumers. Put in place separate legal contracts between electricity retailers and network service providers and consumers to clarify their roles and obligations.
5. Work with other participating jurisdictions to clarify the legal and technical requirements for embedded generation in the National Electricity Market and provide a sounder economic basis for buy-back arrangements. This is important to reduce emissions.

The Australian points out that for the privatisation of the power stations to go ahead, there will need to be some clarity about the forthcoming national carbon trading system - "[Investors in limbo on emissions trading](#)". At this stage it appears likely that a new gas fired power station will be built in NSW in a couple of years time, unless construction of renewable alternatives is stepped

up.

THE future shape of private electricity generation under NSW's \$15 billion privatisation plan will depend on the speed with which the new federal Labor Government sets the fundamentals of an emissions trading scheme.

Until a carbon price and offsets are determined under the proposed "cap and trade" scheme that former prime minister John Howard promised would come into force by the end of 2010, no investor can establish how much a new generation station will cost.

Premier Morris Iemma has accepted the view of Tony Owen in his inquiry into electricity supply that NSW will need a new baseload power station by 2014.

The National Electricity Market Management Company in its annual statement of opportunities published in October said NSW could expect to have difficulty in meeting consumer demand by the summer of 2013-14. To meet that target, a commitment on a new coal-fired station would have to be made by the middle of next year, while a decision on a gas-fired station could be delayed by two years or more.

While both electricity demand forecasts could be pushed back if there is a big take-up of the expanded federal mandatory renewable energy target, the longer the federal Government takes to publish a carbon price the longer it will be before the private sector can determine the economics and likely profits from a new station.

The choice of gas or coal to fuel the station also depends in part on the Rudd Government's decision. Energy industry insiders believe it is highly unlikely that a traditional open-cycle, coal-fired station will ever again be built in Australia. ...

Coal-fired power stations take longer to build than gas-fired generators and the price of coal is rapidly making gas for baseload competitive. Industry analysts expect a raft of Australian investors to bid for generating capacity, including TRUenergy in Victoria, International Power and possibly Transfield Services.

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