

media release

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Stanwell to withdraw Swanbank Gas Power Station from service

Stanwell Corporation Limited (Stanwell) has announced plans to withdraw its gas-fired Swanbank E Power Station near Ipswich from service.

Chief Executive Officer Richard Van Breda said Stanwell would withdraw the 385 MW Swanbank E Power Station from service for up to three years from 1 October 2014. Stanwell will sell the gas into the market rather than use it to generate electricity at the power station.

“With subdued market conditions and increasing gas prices expected to continue, Stanwell can earn more revenue from selling our gas rather than using it in electricity generation,” Mr Van Breda said.

“Stanwell is a commercial entity, operating in a highly competitive electricity market, and we need to pursue strategies that deliver the best return for our shareholders; the people of Queensland.”

Mr Van Breda said Stanwell would return a generating unit at Tarong Power Station to service later this year. Stanwell withdrew two units at Tarong Power Station from service in October and December 2012 as a result of subdued wholesale electricity prices.

“We expect to achieve significant financial benefits by replacing generation at Swanbank E with generation at the lower marginal cost Tarong Unit 4 and through the sale of Swanbank E gas,” Mr Van Breda said.

“The timing of Tarong Unit 4’s return to service is dependent upon the requirements of the market.”

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Background

Stanwell Corporation is Queensland’s largest power generator, with the installed capacity to supply more than 45 per cent of the state’s peak power needs.

Established on 1 July 2011 and owned by the Queensland Government, Stanwell is the owner and operator of:

- 1460 MW Stanwell Power Station (coal) near Rockhampton
- 1400 MW Tarong Power Station (coal) in the South Burnett
- 443 MW Tarong North Power Station (super-critical coal) in the South Burnett
- 385 MW Swanbank E Power Station (gas) near Ipswich
- 302 MW Mica Creek Power Station (gas) near Mount Isa (not connected to the NEM)
- 88 MW Kareeya Power Station (hydro) in Far North Queensland
- 66 MW Barron Gorge Power Station (hydro) in Far North Queensland
- 34 MW Mackay Power Station (gas) in Central Queensland
- 7.3 MW Koombooloomba Power Station (hydro) in Far North Queensland
- 4.3 MW Wivenhoe Small (hydro) located at Wivenhoe Dam

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Stanwell owns Meandu Mine, which has the capacity to supply up to seven million tonnes of coal a year to the adjacent Tarong power stations.

It has a coal supply agreement with Wesfarmers Resources' Curragh Mine that includes the sharing of revenue from coal exports. Stanwell is an active competitor in the National Electricity Market (NEM). The Corporation sells electricity into the NEM spot market pool and provides ancillary services to the Australian Energy Market Operator to ensure the secure and reliable supply of electricity throughout Queensland.