Australian Government
Department of the Environment and Energy

8 August 2019

Liddell Taskforce
Terms of Reference

In 2015, AGL announced the Liddell Power Station (Liddell) would close in 2022. However, following an engineering assessment, AGL announced in August 2019 it will close one unit in April 2022 and the remaining three units in April 2023. This will allow Liddell to support system reliability for the 2022–23 summer.

Liddell has played an important role in ensuring the reliability of electricity supply in NSW, providing up to 1,800 MW of dispatchable power in 2018. The Australian Energy Market Operator (AEMO) has projected a reliability gap of up to 640 MW in NSW in 2023–24 in the event of no further investment in supply. A failure to replace like-for-like capacity in the market will also put upward pressure on electricity prices, as was seen after Hazelwood's closure in 2017.

Liddell's closure will also affect the local community and its economy. In addition to the 300 staff that work at Liddell there are a number of dependent industries and facilities that employ over 1000 Australians.

To understand the full potential impacts of Liddell's closure, the Taskforce will investigate the impact of the closure on reliability in the National Energy Market (NEM), power prices, dependent facilities and the local region. A final report will include detailed information and recommend any necessary policy proposals. In developing policy proposals, the Taskforce must have due regard to limiting unnecessary financial exposure of taxpayers.

The Taskforce will:

- develop options to maintain a similar reliability, price and security outcome in NSW and the broader NEM. This will take into account and complement other Commonwealth and NSW government initiatives, work on implementing AEMO's integrated system plan, and committed investment
- model the impact on wholesale and retail power prices from Liddell's closure and the other options identified to maintain similar reliability and security outcomes
- collate detailed power and price requirements for dependent industries
- develop a full suite of options for the Commonwealth and its partners to address the impacts of the announced closure
- articulate conditions under which government intervention could be considered
- develop a framework for assessing future power station closures

The Commonwealth element of the Taskforce will report to the Minister for Energy and Emissions Reduction, the Hon. Angus Taylor MP on a monthly basis.

The Taskforce will draw on the expertise of other Commonwealth agencies, the NSW State Government, AGL and other relevant stakeholders, to produce a final report, recommendations and proposals by late 2019.