

**Ian Macdonald's Response to that...**

2 June 2006

Dear Members of Climate Change

Thankyou for your letter of 11 May 2006 to Hon Ian McDonald MLC, NSW Minister for Natural Resources, Minister for Primary Industries and Minister for Mineral Resources concerning climate change and the Governments approach to mining. The minister has asked me to respond to you on his behalf.

NSW supplies coal for both domestic power generation and steel production. In addition, NSW is an exporter of coal to world markets.

Given the substantial investment in coal-fired power generation and the limited potential in the short to medium term for renewable energy sources to meet the required demand for power generation, there is unlikely to be a reduction in the amount of electricity produced from coal in the foreseeable future. However, the Government and industry are actively working together on clean coal technologies to help curb greenhouse emissions including technologies for the capture and sequestration of CO<sub>2</sub> into safe geological storage sites.

The Government has taken other steps to reduce emissions. The NSW Greenhouse Gas Abatement Scheme commenced on 1 January 2003 and was one of the first mandatory greenhouse gas emissions trading schemes in the world. The scheme aims to reduce greenhouse gas emissions associated with the production and use of electricity. Forests NSW trades carbon credits under the scheme by planting forests to sequester carbon dioxide. Some 166,005 certificates, each equivalent to one tonne of carbon dioxide, were issued during 2004. This represents approximately 10,000 hectares of planted hardwood forests.

Yours sincerely

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