



Federal govt's big battery play another leap forward to clean, cheap energy

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Having moved decisively with an [energy price relief plan](#) that addresses the worst of the gas cartel's [market failure](#) by imposing a temporary gas price cap at \$12/GJ, as well as a domestic thermal coal price cap – at \$125/t, 50% higher than the two decade average domestic coal price – Federal Energy Minister Chris Bowen is again moving at speed on the energy transition. On the weekend, he [announced major new battery developments](#) which will accelerate the deployment of much needed storage for grid firming capacity by 2025.

The federal funding body Australian Renewable Energy Agency (ARENA) has been tasked to invest \$176 million to unlock \$2.7 billion of private capital investment in eight new battery projects distributed across Australia with a collective capacity of 2 gigawatts (GW) or 4.2 gigawatt hours (GWh). The successful ARENA tender demonstrates the effectiveness of government investment in crowding-in private capital: it is producing a 10-for-1 leverage of private to public funding.

This move is a critical near term complement to the longer term [\\$20 billion Rewiring the Nation](#) plan, which underpins a massive build out of transmission infrastructure across the National Energy Market (NEM).

Rewiring the Nation will take a decade or more to come into effect. The ongoing [cost blowouts and delays at the Snowy 2.0](#) pumped hydro behemoth mean that, in the absence of further action such as last weekend's battery announcements, large scale storage, which provides essential grid firming capacity, will be a constraining factor to the ambitious, accelerated 82% renewables by 2030 target set by the federal government.

Distributed utility scale battery capacity is an ideal way of building investor confidence and deploying storage and firming capacity at speed in the interim. Utility batteries are a no-regrets strategy that will encourage global investors to commit capital to new on- and offshore wind and utility solar projects, which are critically needed to increase generation capacity, and hence permanently lower electricity prices for all.

The big battery announcement, together with the targets, policy and funding initiatives noted above, show a federal government that is moving with the urgency and clarity necessary to rectify the energy and climate policy chaos of the LNP over the last decade. These commitments also encourage all the states to continue to work collaboratively with their federal counterparts rather than in isolation at the state level, further accelerating the transition to clean, cheap dispatchable renewable energy..

We expect the "[electrification of everything](#)" commitment won by the Teals and Greens in passing the coal and gas cap legislation will serve to hasten the replacement of high emissions, expensive and unreliable gas at domestic and business level with cheaper electric alternatives.

This should create a virtuous lift in demand for ground heat pumps, double glazing, insulation, batteries, solar hot water heaters and induction cookers, building industry capacity and economies of scale, which will then lower the capital costs of installation of these technologies.

This also works strategically to buy time as households continue to invest in EVs, rooftop solar and behind the meter storage, which will accelerate national energy market capacities in both generation and firming. There is huge latent potential as we move to a fleet of some 20 million EVs – essentially 'batteries on wheels', which could be deployed as storage to feed back into the grid for firming and stabilisation.

It is a wonderful way to end a landmark year, as private investors reward energy and climate policy clarity, and the federal government and states work together cooperatively and strategically in the national interest for the first time after a lost 10 years of wasted opportunity.