

FINANCIAL REVIEW

AFR: NSW urged to invest \$400m cost of prolonging Eraring in clean energy

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The NSW government is being urged to save the estimated \$200 million to \$400 million annual cost of keeping the state's largest coal-fired power station open and invest the money in accelerating its clean energy rollout instead.

A new report by Tim Buckley of Climate Energy Finance rejects [mounting calls by energy customers for Origin Energy's 2880 megawatt Eraring power station to be kept open](#) beyond its scheduled 2025 closure date.



Origin Energy's Eraring power station. **Peter Lorimer**

Mr Buckley also said the suggestion by [the new owners of the 1320 MW Vales Point power station that they might extend its life to 2033](#) should be taken with “a massive bag of salt”. “The idea that a 50-year-old plant can just be extended another four years without serious risk of catastrophic failure is ridiculous,” he said.

The report says keeping Eraring open at half its capacity would require a subsidy of \$200 million to \$400 million a year to be paid to Origin. But it adds that NSW can maintain a reliable supply of electricity to its grid beyond the plant's scheduled closure in 2025 by using the money instead to accelerate the build out of wind and solar energy – including rooftop solar – and batteries.

Concern about the [faltering energy transition](#) and grid congestion squeezing out wind and solar energy from the region has triggered a spate of calls for Eraring to be kept open just in case, to “keep the lights on”.

But the report by Climate Energy Finance – a think tank that advocates for a more rapid transition to clean energy – says this concern is overdone. It says any move to keep Eraring open would simply divert hundreds of millions of dollars that could better be spent on clean energy into the pockets of Canadian investment giant Brookfield, which is bidding for Origin.

The report says NSW's power supply can be kept reliable without Eraring by continuing the current 1.2 gigawatts rate of annual rooftop solar installations and “front-end loading at least 1.2GW annually of utility scale wind and solar within the state to 2030”. A gigawatt is 1000 MW.

Efficiency measures in 60,000 public homes

The report also recommends a big push to install rooftop solar, batteries and energy efficiency measures in 60,000 public housing dwellings and 29,000 school buildings in NSW. It also urges the Albanese government to increase the cap for the small-scale renewable energy scheme (SRES) from 100 kilowatts to 1000 kW to increase the low rate of solar penetration in commercial and industrial small and medium enterprises.

Mr Buckley said the 100 kW cap – set two decades ago when rooftop solar installations were typically small household systems of less than 5 kW – discouraged many commercial and industrial firms from installing much solar larger systems because it would deprive them of the benefits of the SRES scheme.

The report also urged the NSW government to accelerate renewable energy zone tenders, “flood the market” with low cost \$25-\$35/MWh offtake agreements for new utility scale solar over the next 12 months, and direct transmission monopoly Transgrid and distribution company Essential Energy to reassess their grid constraints to see if they can find more capacity for clean energy to be connected before new transmission projects are completed. In February, digital modelling showed some parts of [Essential Energy’s distribution network could transport twice as much power](#) as previously thought.

“There is no case to delay the planned closure of Eraring and pay operator Brookfield the estimated \$200 million to \$400 million in public subsidies to do so,” Mr Buckley said. “This money should be invested in NSW’s energy transition.”

He urged NSW Environment Minister Penny Sharpe to flood the market with renewables firmed by batteries to drive more capacity, ensure supply and reduce wholesale electricity prices, “putting permanent downward pressure on energy bills whilst also better aligning our decarbonisation pathway with the climate science”.

<https://www.afr.com/policy/energy-and-climate/nsw-urged-to-invest-400m-cost-of-prolonging-eraring-in-clean-energy-20230717-p5doxu>