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DELAYING ERARING CLOSURE DELAYS OUR CLEAN ENERGY TRANSITION

Delays will cost consumers, build the climate crisis, and undermine investor certainty

TIM BUCKLEY, director of think tank Climate Energy Finance and author of [The Lights will Stay On](#) report on the Eraring closure, released in July, said:

“Leaked reports today that the NSW Electricity Supply and Reliability Review will recommend taxpayer subsidies to extend the life of Eraring coal power station beyond its closure date phased over 2025 would be a massive retrograde step when the exact opposite is needed – implementation of an accelerated transition to firmed renewables.

“There is no case to delay the planned closure of Eraring and pay its operator the estimated \$200-400m in public subsidies to do so. This money should be invested in NSW’ energy transition.

“We call on NSW Energy Minister Penny Sharpe to flood the market with distributed energy and infill utility scale renewables firmed by accelerated deployment of batteries, to drive more capacity. This will 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.

“The leaked recommendation to extend Eraring’s life ignores the dual cost of living and climate crises smashing the people of NSW. The hyperinflation of fossil energy is driving these, handing windfall profits to multinationals as taxpayers and our environment wear the costs. Only an accelerated transition to cheap, deflationary firmed renewables will solve these twin crises.

Our July report, [The Lights will Stay On](#), demonstrated that there are more than enough [renewable proposals in the investment pipeline](#) to replace Eraring’s capacity, and that NSW can close Eraring on-time in 2025 and secure supply by:

1. Continuing the current run-rate of 1.2 gigawatts (GW) annually of NSW rooftop solar installs.
2. Front-end loading at least 1.2GW annually of utility scale wind and solar within the state to 2030.

“Fast-to-deploy distributed energy resources (DER) are key to the transition and ensuring supply, and need to be accelerated first. We call on Penny Sharpe to match the Federal program to support rooftop solar, storage and energy efficiency upgrades to 60,000 social housing homes with funding from the

[\\$1bn NSW Energy Security Corporation](#); accelerate the rooftop solar and batteries rollout across 2,200 public schools; and advocate that the Federal Government lift the [Small-scale Renewable Energy Scheme \(SRES\)](#) cap from 100kW to 1,000kW to speed commercial installs of distributed solar. This will help deliver half of new capacity needed from DER with no grid delays.

“The first half of calendar year 2023 saw next to no new utility scale renewable projects across Australia, entirely out of alignment with the Federal target of 82% renewables by 2030. Federal Energy Minister Chris Bowen notes we need accelerated ambition and actions. We need political resolve and courage at the NSW state level, which previously substantially led Australia on energy transition even in the face of the previous Federal Government’s Luddite, denialist climate and energy position.

“NSW has led Australia on the development of its Renewable Energy Zones (REZ) roadmap, but we know that grid transmission needed to hook up clean energy supply has been slow to be built.

“It is extremely important to note but little reported that the existing grid has plenty of spare capacity to accommodate distributed rooftop solar and behind-the-meter storage in homes and businesses, as well as infill utility-scale wind and solar located strategically across NSW.

“The NSW Long Term Energy Service Agreements (LTESAs), a framework to ensure orderly and efficient investment to meet the needs of the electricity system, and Minister Chris Bowen’s excellent federal government Capacity Investment Scheme, are working hand-in-glove but need to be expedited and of greater scale and ambition. As Bowen has repeatedly said, accelerated ambition is the need of the day.

“It is also worth noting coal power plant closures continue to be accelerated, with EnergyAustralia yesterday confirming Mt Piper will move to a backup power supply role a decade ahead of the official timeline of 2040, reflecting acknowledgment by EA of the economic need for a clear accelerated path to net zero in the face of the growing global climate crisis.”

SIMON CORBELL, CEO and chairperson of the Clean Energy Investor Group (CEIG), representing renewable energy investors with ~11GW of installed capacity across ~70 power stations and a portfolio value of ~\$24bn, said:

“Delaying the closure of Eraring creates significant downside risk for investors.

“This could result in less investment in new clean energy projects in NSW and will blow out our emissions target and budget. Australia cannot afford to have that at this time.”

STEPHANIE BASHIR, founder and CEO of leading energy consultancy Nexa Advisory said:

“We are talking about a delay in the closure of Eraring and other coal-fired power stations as if it is a fait accompli. It is not. We can transition if we act now and work fast. We just need to work ‘smarter’.

“There is no transparency about what it would take to close Eraring to the planned schedule.

“Our [analysis](#), ‘Eraring can be Closed on Time to Save Consumers Money’, finds consumer bills would be \$2,250-3,000 higher over the next ten years if the transition is not effectively managed and closure is delayed. Further potential consequences of delay include missed renewable energy targets and exceeding the state’s emissions budget.

“The risks remain clear, unless we act smart and differently to accelerate the build out needed, consumers will pay more for their energy. If we don't act now, and differently, we are going to miss our targets and cost consumers and taxpayers more into the bargain.

“While the decade of delays in Australia’s clean energy transition – generation, storage and transmission build and connection – has led to an increased focus on potential delays to the closure of coal-fired power stations, this route to shoring up reliability in the near term using end of life coal plants would result in lower reliability, and higher costs and emissions over the long term. Far better to accelerate the rate of new clean energy resource deployments. This negates the need to extend the lifespans of coal-fired power stations, and leaves energy users and the nation much better off.

“Extending the date of closure is not a plan especially when there has been a five-year lead time. Central West Orana was declared four years ago and still we have no projects that are shovel ready. This decision is critical and will be a disappointing outcome for NSW energy consumers and taxpayers. Alternatives need to be found that can be expedited.”

JOHN GRIMES, CEO of the Smart Energy Council, the independent body for the Australian smart energy industry with more than 950 members, said:

"The Smart Energy Council is calling on the NSW Government to reject the recommendation of the Electricity Supply and Reliability Check Up to extend the life of Eraring Power Station."

"Extending Eraring's fossil-fueled life fails the economic test, fails our climate, will increase future energy bills and delays investment in renewable energy storage and generation technology that exists right now."

"The recommendation from the Minns' panel is disappointing and points the state down the dirty, dangerous path of a continued reliance on fossil fueled power."

"The real test is whether the Premier will stick to the problem of aging dirty expensive coal power or fast-track the solution of renewables that will deliver cleaner, cheaper energy and a net-zero NSW."

“Extending the life of this coal-fired power station will drive up energy bill prices and the cost of living for NSW families.”