



Thursday 23 November 2023

JOINT STATEMENT: FEDERAL ENERGY MINISTER CHRIS BOWEN TURBOCHARGES AUSTRALIA'S MOVE TO 82% RENEWABLES

Leading clean energy and investor groups today applauded Federal Climate and Energy Minister Chris Bowen's expansion of the Capacity Investment Scheme to 32GW, a huge stepchange in ambition.

The [Capacity Investment Scheme](#) (CIS) is a federal initiative designed to underpin the deployment of dispatchable renewable energy and storage capacity across Australia, offsetting any reliability gaps as the country transitions from fossil-fuel based to clean energy and coal exits the system. It is a central enabler of the federal renewable energy target of 82% by 2030. The CIS explicitly excludes methane gas peaking power plants.

The federal government will fund the entire investment of this ambitious new scheme. The states will be required to pledge to accelerate deployment of firmed zero-emissions energy in order to access the expanded scheme, thereby unlocking tens of billions of investment into clean energy. Those states that do not commit will miss out, with the excess capacity reallocated to those states that join in.

9GW of the 32GW planned tenders announced today will be dispatchable capacity (sources which can be turned on and off to meet demand) and an excellent value-for-money 'contracts for difference' scheme [see Note to editors below] based on six-monthly tenders over the next 4 years will underwrite 23GW of variable renewable energy, i.e. wind and solar.

For context of the significance and scale of this initiative, the National Electricity Market (NEM) currently has an installed capacity of 64GW (71GW including the 7GW in the West Australian South West Interconnected System).

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:

“Clean energy investors strongly welcome this major policy initiative which will unlock significant new investment in new renewable energy generation and storage projects across Australia.

“CEIG has consistently argued for stronger policy to support contracted revenues for clean energy projects. Without stronger revenue predictability it has been difficult for many project owners to secure the debt and equity commitments needed to bring projects to financial close. It has also made it harder for large Australian superannuation funds to support investment in renewable energy at the scale needed for the energy transition.

“This new policy will help unlock a wave of new clean energy investment across the country.

“CEIG especially welcomes the measures to deliver regular auctions at 6 monthly intervals until 2027, this is the longer term certainty investors, and the energy grid needs, to achieve a timely transition.

“Improving planning and other regulatory assessment pathways is also vital for investors. To this end it is pleasing to see the leadership of the Commonwealth in making action by the states on these issues a condition of the new expanded Capacity Investment Scheme support.”

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

“This is Australia’s biggest ever renewable energy announcement – a red letter day for renewables”.

“This is a massive win for Australia – cheaper power bills for all Australians and jobs and investment in regional communities right across the country.”

“Today’s announcement gives the industry the confidence to invest and build, confidence for workers and investors, for regional communities and confidence for all Australians that power bills will continue to go down.”

“The Smart Energy Council congratulates the Albanese Government on this impressive announcement and urges all governments to sign up to the funding agreements and to begin the renewables auctions as soon as possible.”

STEPHANIE BASHIR, CEO, Nexa Advisory, said:

“Today’s announcement by Minister Bowen shows leadership and determination to get Australia’s energy transition back on track.”

“Supercharging the CIS to 32 GW is a pragmatic and cost-effective solution for households, business and the government. It will incentivize renewable energy and firming capacity, and it will do so in a timely way.”

“Shoring up new renewables and storage will go a long way towards meeting our 2030 climate targets and, importantly, it ensures reliable and secure replacement generation is in place as ageing and unreliable coal power stations shut.”

“Supercharging the CIS minimizes negative impacts on consumers, which is the most equitable solution for all of us during this once-in-a-lifetime energy transition.”

“Extending the CIS gives investors the certainty they need to accelerate our energy transition, a clear on ramp to the sunset of the RET and few flow on effects to other investors, so it won’t distort the market.’

“Transitioning from coal power to renewables is not just a climate imperative. Much of the ageing coal power fleet is well past its use-by date and threatening to impact energy reliability, at a time when hotter summers are leading to increased demand for electricity. The announcement today will ensure we can secure replacement generation and the much needed storage to keep the lights on.”

TIM BUCKLEY, director of independent public interest think tank Climate Energy Finance, said:

“We applaud Minister Bowen’s game-changing boost to the Capacity investment Scheme. The announcement today is exactly the kind of bold, landmark federal policy and investment ambition we need to rapidly transform Australia’s energy market whilst ensuring grid reliability and energy affordability.

“Financial frameworks that catalyse, incentivise and support investment in firmed renewables are crucial enablers of energy transition, and the CIS is an excellent case in point. We have long argued that the federal government must roll out its CIS [at speed and scale](#) if we are to achieve their ambitious and now doable 82% renewables by 2030 target.

“This initiative will bring low cost, zero-emissions replacement capacity on line to enable the on-time closure of end-of-life high emissions, low reliability coal plants. It will help facilitate the mothballing of polluting coal clunkers such as Origin Energy’s Eraring power station in NSW, Australia’s biggest, scheduled for 2025, while enabling stand-by capacity to ensure supply.

“We now need to see complementary policy levers brought into play to support this momentum. While the CIS is centred on utility-scale firmed renewables, equally critical is a policy and investment focus to further accelerate deployment of ‘distributed energy resources’ (DER) such as rooftop solar, heat pumps, behind the meter storage in homes and businesses, community batteries, ‘batteries-on-wheels’ (EVs) and and virtual power plants (VPPs) – decentralised networks of power generation and storage.

“As a next step, we call on Minister Bowen to extend the life and increase the cap of the Small-scale Renewable Energy Scheme – which creates a financial incentive for small

businesses to install renewable energy systems – from 100kW to 1,000kW. This adjustment would immediately lift commercial and industrial deployments of DER, boosting system reliability and energy affordability for all.

“Key to a comprehensive transformation of the electricity sector is a comparable effort from the states. We call on the states to use this Friday’s Energy and Climate Change Ministerial Council in Perth to work in partnership with their federal counterpart to seize the transformative opportunity of this stepped-up CIS and massively accelerate their renewable energy buildout and grid decarbonisation goals.

“An excellent example is the [joint announcement](#) yesterday by Minister Bowen and NSW Energy Minister Penny Sharpe of successful bids under the existing CIS, totalling 1,075MW of new capacity in NSW, and \$1.8bn in new energy infrastructure.

“We anticipate today’s announcement by Minister Bowen of the expansion of the CIS will see a pipeline of new projects several orders of magnitude larger, further accelerating the transition to affordable, reliable energy.”

Tim’s full statement, already released to media, is [here](#).

HEIDI LEE DOUGLAS, National Director of Solar Citizens, said:

“This announcement of increased large-scale battery storage is a major win for Australians’ cost of living. Large-scale batteries will harness cheap, clean solar and wind energy generated during the day and enable residents and businesses to use that cheaper energy at night.

This announcement creates potential for local manufacturing of renewable energy infrastructure to be part of the systematic, orderly replacement of aging coal-fired power generation. Manufacturing jobs, installation jobs, and cheaper bills - that’s a big win for our communities.

There is still a need for rapid rollout of household battery storage, and we now want the government to turn its mind to a household battery rebate scheme. This would complement the Capacity Investment Scheme, create greater energy security, and further drive down energy bills for households.”

NOTE TO EDITORS:

The CIS operates as a federal revenue underwriting scheme, inviting competitive tender bids for renewable energy storage. The Government provides revenue support for selected projects, with an agreed revenue 'floor' and 'ceiling'. If there is a shortfall in revenue below the floor, the government makes up the difference, helping to cover project investors’ operating costs and debt repayments, and if revenue exceeds the ceiling, an agreed share of the excess is returned to the government. Costs are borne by the government, as opposed to being passed on to consumers.

When announced last December, the federal government said the Scheme would drive around \$10bn of investment in clean dispatchable power. This announcement will see a ~fourfold lift in the enabled investment across Australia.

The CIS replaced the Morrison/Taylor LNP government's "CoalKeeper" capacity mechanism, designed to prolong the operation of unreliable, end-of-life, polluting, volatile and expensive coal-fired power generation.

##

MEDIA:

Tim Buckley is available for interview via Annemarie on 0428 278 880 or Tim direct on 0408 102 127. Annemarie may be able to assist with access to other spokespeople.