

Victoria's blackout crisis is rooted in a decade of Coalition inaction



Tim Buckley

February 14, 2024 – 4.23p

On Tuesday afternoon storms damaged power lines across Victoria taking all four generators at AGL's massive end-of-life coal-fired Loy Yang A power station offline as part of a cascading series of events, and with it a third of the state's power supply.

This pushed Victorian wholesale electricity prices up to the staggering peak price of \$16,600 per megawatt hour (MWh), 440 times the price at noon. There can be no more graphic illustration of the volatility, unreliability and hyperinflationary price of fossil fuel energy in a system in transition, where coal generators are in terminal decline.



The Loy Yang A power plant was shut down this week, throwing Victoria's energy grid into crisis.

The root of the current problem lies in the lost decade of climate and energy policy chaos and paralysis under the Coalition. We have known for decades that Loy Yang A would retire this coming decade.

The crisis this week would have been avoided, or its impact would have been dramatically reduced with a shortened recovery period, if we had had a functioning climate and energy policy architecture and large-scale investment in transitioning the grid to firmed renewables.

By now, we could have had a “spider web” energy network where far more of the energy is generated locally in the form of residential and commercial rooftop solar, batteries and batteries-on-wheels (i.e. EVs), which can feed energy back into the grid. This reduces the on-grid load at times of short duration emergencies, like this week. If one strand breaks, the whole web doesn’t go down.

For example, where a local area network is operating and 50 per cent of homes are solar self-sufficient, there is redundancy in the system and the demand on the grid is lower.

Temporary local supply can be enhanced and the other 50 per cent of homes can draw on that supply, to the benefit of all. This would dramatically improve grid resilience, allowing grid operators to focus repair efforts on fewer crisis points.

Victorian Energy Minister Lily D’Ambrosio described the current crisis as “one of the largest outage events in the state’s history”. Victoria, like Australia, is on notice. We need to plan and build in energy system resilience as a key priority, and invest in a modern, flexible, decarbonised grid that is future-proofed.

Let's get real: with climate change escalating, extreme weather events will continue to become more extreme and more frequent. Our power system needs to factor this in as part of sensible adaptation.

This requires pivoting emphatically and as a matter of urgency from dependence on end-of-life, unreliable, polluting centralised coal-plants like Loy Yang A, built four decades ago for a completely different energy market.

Thermal coal power plants are not part of the solution – they are the problem. Hydro and grid transmission takes five to 10 years. But wind, solar and battery storage can be built within two years, once approved.

Alongside big solar, wind and batteries, we stand on the precipice of a revolutionary opportunity to massively upscale distributed consumer energy resources, like solar on rooftops everywhere, household batteries, and EVs sending power to the grid.

Australia's world-leading rooftop solar and battery residential systems can be built in a day, or for commercial properties, a month.

We also need to acknowledge we have a National Electricity Market in eastern Australia, meaning Victoria can't effectively go it alone.

We need state and federal cooperation and planning on the development and deployment of utility-scale firmed renewables and transmission, as we are finally seeing under the Albanese government.

In 2019, then federal energy minister Angus Taylor announced subsidies for 12 shortlisted so-called “[High Efficiency Low Emissions](#)” plant proposals to add new capacity to the market. Not a single one of these fantasy plants reached approval and construction.

The pressure is now on to build firm replacement capacity ahead of schedule, at speed and scale, as D’Ambrosio is doing with federal Energy Minister Chris Bowen, leveraging the massive [Capacity Investment Scheme](#) announced by the federal government at the end of last year, underpinning a quadrupling of investment in firm renewables.

For example, 18 months from now, Victoria’s State Electricity Commission will have completed the new Melbourne Renewable Energy Hub near Melton. It will be the biggest battery in Australia once developed to its full capacity, and one of the largest in the world, capable of [powering 200,000 homes](#).

Right now, we have a copybook demonstration of the unalterable fact that reliance on massive, centralised end-of-life coal-fired power plants is a too-high-risk fool’s errand and a fundamental strategic weakness.

The grid of the future will be dynamic and distributed, encompassing large-scale wind and solar backed up by massive utility-scale battery storage. It will be a smart grid also coordinating and orchestrating millions of rooftop solar systems, batteries in garages and vehicle-to-grid charging across the state and the country, delivering firm renewable power to all Australians – the cheapest, most abundant form of energy.

That is our path forward for energy security and grid stability – decentralised, decarbonised, renewable, resilient and low-cost. And the lights will stay on.

<https://www.theage.com.au/national/victoria/victoria-s-blackout-crisis-is-rooted-in-a-decade-of-coalition-in-action-20240214-p5f4xg.html>