

FINANCIAL REVIEW

Opinion

Record weeks for renewables blow up Dutton's nuclear con

The record high of low-cost wind and solar in the grid comes as we are still waiting for the costing on the Coalition's plan to nationalise the eye-watering cost of seven nuclear plants.

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Sep 12, 2024 – 12.26pm

It's been a red-letter few weeks for renewables in Australia. In the last week of August, coal dropped below 50 per cent of electricity generation for the first time, as renewables' share rose to a record high 48.7 per cent, boosted by windy conditions and low grid demand.

In August last year, coal contributed 57 per cent and renewable energy held a 37 per cent share.



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As in the US and Britain, where zero-emissions supply is burgeoning as fossil fuels' contribution to generation falls, this threshold moment in Australia symbolises that the inevitable shift to clean energy is well under way and accelerating here and globally. China is deploying 23 gigawatts of renewables every month, four times what Australia does in a year.

The record-high renewable energy penetration in our national electricity market was accompanied by near record-low wholesale prices, averaging \$57 per megawatt hour in the last week of August, versus \$91 in August last year. This shows that more renewables equals cheaper power.

South Australia is the standard-bearer for Australia's renewable energy future. In the past seven days, more than 75 per cent of its power use was generated by renewables, at average wholesale prices of just \$37 per megawatt hour, way below the \$123 average over the past year.

South Australian Energy Minister Tom Koutsantonis has revised the state's renewables target to 100 per cent by 2027, off the back of the continued rollout of clean energy infrastructure.

This includes three big batteries announced last week under Federal Energy Minister Chris Bowen's flagship Capacity Investment Scheme – a key driver of investment momentum underpinning the renewables build-out nationally – and major grid developments, with concomitant projected residential and business energy bill savings.

The federal government and its state counterparts are getting on with the job of accelerating our national energy transition, working to deliver the federal 82 per cent renewables by 2030 target and the resulting energy bill relief. The lower house passed the Future Made in Australia Act this week, key to the government's vision for a renewables-powered economy.

Still no nuclear costings

Meanwhile, the federal Coalition continues to perpetuate its nuclear con, designed to blow up progress on the transformation of our energy system to low-cost, reliable firmed renewables and entrench decades more of volatile, expensive fossil fuel-based power while we wait ... and wait.

Next week marks three months since Opposition Leader Peter Dutton and chief nuclear spruiker Ted O'Brien released their fact- and costings-free, one-page nuclear memo, effectively a note proposing to nationalise the

eye-watering cost of construction of seven nuclear plants nationwide – in a country with zero history and expertise in nuclear power generation, on a timeframe that, by all expert accounts, will not result in any material delivery [before the mid-2040s](#). We're still waiting for their budget projections on this excuse for a policy.

Only this week, Dutton was reported as dismissing questions about budget impacts because he didn't want to overload Australians with too much information, as the government released an ad citing calculation by industry body the Smart Energy Council that the nuclear energy build would cost up to \$600 billion and add \$1000 annually to household electricity bills.

Our estimate is that the public cost would be a minimum of \$100 billion, and this would inevitably be taxpayer-funded because, unlike firmed renewables, into which private capital is increasingly flowing, there is [zero investor interest](#) in nuclear in Australia without massive government subsidies, risk transfer and guarantees.

The Coalition plan involves a fiscally negligent impost on consumers already struggling with cost-of-living pressures. The global history of huge cost blowouts and bailouts in every Western economy building nuclear exacerbates this, and should discourage even the most credulous believer.

This alone makes nuclear unviable here. But the clincher is ongoing generation costs feeding into retail prices. The 2024 GenCost report by the

CSIRO and the Australian Energy Market Operator prices large-scale nuclear energy at \$155 to \$252 a megawatt hour. That is double their estimate of the cost of fully firming renewable energy of \$90 to \$100, even after factoring in grid transmission, curtailment and battery firming costs.

The renewables surge is the way of the future. We cannot afford to entertain the Coalition's damaging nuclear distraction.

Any government proposing nuclear here would be robbing Australians three times: once via a \$100 billion public capital subsidy for nuclear reactors; again by locking in long-term hyperinflated energy prices; and third to compensate owners of the former coal power sites the Coalition has slated for nuclear, which have [already built](#) new [clean energy assets](#), such as batteries onsite.

Progress is building on transforming our grid with superabundant wind and solar energy, distributed across rooftops and utility-scale, backed up by battery storage and modernised transmission. This now needs further acceleration, particularly given looming closures of breakdown-prone, expensive end-of-life coal power clunkers.

The evidence that firming renewables win on cost is irrefutable, and double-digit annual deflation of battery and solar costs widens this advantage every year. The energy market operator last month confirmed it sees [no energy supply reliability gaps](#) to 2030 in the national electricity

market, assuming planned renewables projects proceed on time and at the targeted scale.

The renewables surge we have experienced is the way of the future. We cannot afford to entertain the Coalition's damaging nuclear distraction. For the sake of Australia, let's hope that as the renewables reality rises, the Coalition's domestic nuclear pipe dream is consigned to oblivion, where it belongs.

<https://www.afr.com/policy/energy-and-climate/record-weeks-for-renewables-blow-up-dutton-s-nuclear-con-20240910-p5k9e4>