

THE NUCLEAR DEBATE

# Renewable energy projects 'slow-walked' in face of Dutton's nuclear promise, union says

There's concern in the renewable energy sector that the Coalition's nuclear policy could send investors overseas, and some fear decisions are already starting to be delayed until after federal election.



ANTHONY GALLOWAY

5:00am today



*While many have welcomed the settings put in place over the past two-and-half years, there is increased chatter among investors about what the Coalition's nuclear policy will mean.*  
AAP/Mick Tsikas

**E**lectrical Trades Union national secretary **Michael Wright** says he's seeing evidence that investors are holding off on finalising renewable energy projects until after the federal election because of uncertainty caused by the Coalition's nuclear policy.

With tightening polls showing Opposition Leader **Peter Dutton** has a chance to beat Prime Minister **Anthony Albanese** at the next election, there has been increased chatter among developers and institutional investors about what the Coalition's plan would mean for investments in wind farms, solar projects and batteries. But some think it has already impacted investment decisions.

In an interview with *Capital Brief*, Wright said there are indications that investments are being “put on ice” and “slow-walked” until after the next election, due by 17 May.

“The feel is that if industry can push investment decisions beyond the next election, they are pushing those decisions beyond the next election,” Wright said.

“It makes sense — if I was an investor, I would imagine that's what I'm doing, just because it's sovereign risk.”

**Alinta Energy** last week pulled out of its offshore wind energy project in Western Australia. There is also growing uncertainty about the viability of offshore wind farms in Victoria and NSW as investors question their viability amid higher interest rates and capital costs. Offshore wind projects have also been criticised by the likes of Dutton, as well as incoming United States president **Donald Trump**.

In a report released in September, the ETU and Per Capita raised the alarm on a projected shortfall of nearly 100,000 electricians by 2050 to meet the demands of a clean energy grid.



*ETU national secretary Michael Wright says he believes investors and developers are holding off on making the final investment decision. Mick Tsikas/AAP*

Wright said investor uncertainty is impacting his members because they have less employment security in terms of what their next job will be, while he also accused companies of employing fewer apprentices on each project.

“If you're an investor, if you're a project proponent or developer, and you're looking for corners to cut, at the moment, the most obvious one is apprentices,” he said. “Training is a long-term return on investment. We often see it as one of the first things to go when they're trying to tighten belts.”

Dutton and his energy spokesman **Ted O'Brien** last week released costings for their policy to build nuclear reactors from the mid-2030s, claiming it would be \$263 billion cheaper to deliver than Labor's renewables-heavy strategy. Dutton's new plan would see seven nuclear

power plants contributing 38% of energy generation and renewables 54% by 2050, while Labor is aiming for renewables at 94%.

## Mixed views on whether projects are being delayed

In a “headwinds” report released last month, consultancy firm **Baringa** raised concerns that Australia had already seen delays to transmission upgrades and new renewable builds, which the Coalition’s nuclear policy would exacerbate.

“Policy uncertainty drives a lack of investment confidence, less investment in renewables, and higher hurdle rates required for FID [Final Investment Decision],” the report said.

But the reports of uncertainty come after investors last year recorded the highest ever levels of certainty in the renewables space off the back of the Albanese government’s policies, including the capacity investment scheme and mandatory climate reporting rules for large companies. In the **Investor Group on Climate Change’s** annual survey, 40% of respondents cited policy and regulatory uncertainty as a key barrier to investment in 2023, which had dropped from 70% in 2021.

**Tim Buckley**, founder and director of **Climate Energy Finance**, said Australia had clearly seen significant uncertainty in the development of offshore wind, where the Coalition’s overt opposition had undermined momentum. But he said the economics of offshore wind had also taken a hit in recent years, which had been a global trend.

Buckley has not seen evidence that investors are pulling out of the development of onshore renewables and batteries as a result of the

Coalition's nuclear policy. A report released by his firm this week found that investment activity over the past six months put Australia on track to deliver on the government's 2030 target of 82% renewables share in the energy grid.

“You've got some of the biggest investors in the world ramping up their development of battery energy storage systems across Australia like there's no tomorrow – whether it's **Brookfield, Macquarie Group, BlackRock,**” Buckley told *Capital Brief*.

**Joey Alcock**, principal consultant and chair of **Responsible Investment Group**, said he didn't think “all plans were off” because of the Coalition's nuclear policy, but rather that institutional investors may start to shift from local opportunities to overseas investments.

“It's very difficult to say it's all going to stop now because there's uncertainty ... It might pause a little, might slow down a little bit, but I think the general sense is that there'll still be opportunities,” he told *Capital Brief*.

“The question is whether or not those opportunities are more international or local. That's something that is certainly being considered by our clients.

“I think we'd continue to see large institutional investors continuing to allocate capital into transition opportunities and renewables, but I think that you might actually start to see a shift. Because there's quite a lot of capital that is flowing to international destinations. So I think that that would more than likely continue or grow if the landscape locally was less attractive.”

# Risk of investors heading overseas

Asked whether there were opportunities presented by the Coalition's nuclear policy, Alcock said the long lead-in time would present a lot of uncertainty.

He said there would likely be more interest in uranium deposits, given that the reactors would be government-owned and funded under the Coalition's policy.

“Some of our clients have existing exposure in their portfolios to nuclear power internationally. It can be a very good source of returns if it's done well,” Alcock said.

“I think the long lead-time for development and so-forth, and the potential uncertainty around the revenue profile for the proposed facilities by the Coalition could be a bit more of a question mark.”



*While investors are keen to back nuclear power in countries where it is a mature industry, such as France, there is less certainty about whether they would immediately get behind it in Australia. Shutterstock/barmalini.*

**Clean Energy Investor Group** chief executive **Richie Merzian** said investors had been “quite clear that they're backing clean energy, and that manifests through the strong interest in the government's capacity investment scheme, which was oversubscribed”.

But he said the majority of investment into energy is coming from overseas, “and the idea that a massive publicly funded nuclear program is on the horizon is not helping with that attraction”.

The man who modelled the Coalition’s nuclear policy, **Frontier Economics** founder and managing director **Danny Price**, conceded that investor uncertainty was a major issue, with the two major parties having very different policies for the transition of the energy grid. But he said that wasn’t a reason not to explore developing a nuclear power industry.

According to Price, investors in general are supporting the current trajectory of the Albanese government “because they feel like at least there's momentum behind that, and they can make a lot of money — like vast amounts of money”.

“And so they'll be reluctant to put their hand up, and ... they'll be punished if they do so by government,” he told *Capital Brief*.

“Of course it's important to give investors certainty, but certainty is something that disappeared out of the energy market a long time ago.



“And let me assure you, these are my clients. I know them very well, and they know that this is not a stable state. They know that this won't work. And so they know that a change is coming ... But by the same token, they're getting long-term contracts underpinned by the taxpayer, so most of their risk is managed, and increasingly, that's what governments are having to do.”

Energy Minister **Chris Bowen** told the National Press Club in July that renewable energy investors had raised uncertainty at federal level as an issue but that he wasn't aware of a specific project that had been curtailed as a result.

“Has it been raised with me as a concern by renewable investors? Have they paid attention and are they worried about it? Yes,” Bowen said. “I think we need to win the next election and put that issue to bed.”



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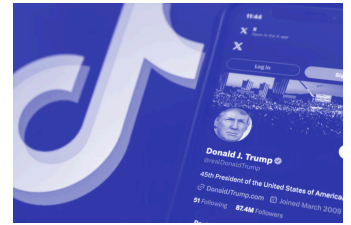
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