

This state's power prices are plummeting as it nears 100% renewables

South Australia is proving to the world that relying largely on wind and solar energy with battery back-up is incredibly cheap, with electricity prices tumbling by 30 per cent in a year and sometimes going negative

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South Australia has built huge solar farms like this one in in Port Augusta

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As South Australia gets close to its goal of running purely on solar and wind energy, its electricity prices have dropped by a third in a year and are now the lowest in Australia. The state serves as a test case for the financial benefits that can be reaped from large-scale grid decarbonisation.

“South Australia is a world leader in terms of its renewable energy transition and with that comes risks, but now it is showcasing its successes,” says [Tim Buckley](#), an independent energy analyst at Climate Energy Finance, an Australian think-tank based in Sydney. “South Australian consumers are starting to really benefit from sustained, lower power prices.”

South Australia generated 84 per cent of its electricity from solar and wind energy in the final quarter of 2025, the highest proportion of any major grid in the world. The state plans to reach 100 per cent by the end of next year.

This renewables push is driving down electricity prices. The independent Australian Energy Market Operator's (AEMO) [latest report](#) shows that the average wholesale electricity price in South Australia fell by 30 per cent in the final quarter of 2025, compared with a year earlier. As a result, the state had the lowest price in Australia, along with Victoria, which has the second highest share of wind and solar energy in the nation.

This is a boon for the South Australian government because in the past, it has been criticised for driving up electricity prices with its rapid adoption of renewable energy. At times, the state has experienced [large spikes in electricity prices](#) when the wind hasn't been blowing or the sun shining, because it has had to fall back on [expensive gas energy](#). Owners of gas generators have charged high prices for this back-up energy to make up for its sporadic demand. Making matter worse, gas prices went up 500 per cent in Australia following Russia's invasion of Ukraine, says Buckley.

To address this price volatility, South Australia has built seven [mega-batteries](#), each about the size of a football pitch. They are charged by adjacent solar and wind farms on windy, sunny days, then provide some back-up power on still, rainy days instead of gas generators. The latest two of these batteries went online in 2025 and contributed to the price lowering.

The success of South Australia's batteries has inspired other Australian states to build their own. Last week, a [report](#) by consulting firm Rystad Energy noted that "utility-scale batteries are no longer a complementary technology in Australia's power system – they are actively displacing gas generation across multiple states". This has made Australia a "global proof point" for the effectiveness of the technology, it said.

Another contributor to falling power prices is a giant new wind farm in South Australia called Goyder South, which was switched on in October. The 412-megawatt wind farm is the biggest in the state and is expected to increase its wind generation by 20 per cent. "Basic economics says that if you build more supply, then prices go down," says Buckley.

The AEMO report notes that [wholesale electricity prices were actually negative](#) in South Australia 48 per cent of the time in the last quarter. This meant the state was generating more electricity than it was using, so the price went negative to encourage electricity producers to stop producing, says Buckley.

In November, for example, South Australia set a new record when, at one point, it [met 157 per cent of its electricity demand](#) with renewable energy alone. On occasions like this, the surplus energy is soaked up by the state's batteries, exported to neighbouring Victoria or curtailed, meaning wind and solar farms are temporarily disconnected from the grid.

At the same time, many South Australian homes have started using less grid electricity, or none at all, by powering themselves. Over half the houses in the state now have solar panels on their roofs, which provide power during the day. About [50,000 have also installed home batteries](#),

which are charged by rooftop solar panels during the day and then provide power after the sun goes down. Since the federal Australian government began offering 30 per cent discounts on home batteries in July 2025, [South Australia has installed the most home batteries](#) per capita of any state or territory.

In December, the state finalised deals to build two more large wind farms so that it can meet its target of reaching 100 per cent net renewables next year. “I think the target is on track and these two new wind farms will be key enablers of that,” says Buckley.

<https://www.newscientist.com/article/2514985-this-states-power-prices-are-plummeting-as-it-nears-100-renewables/>