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NSW unveils 'energy superpower' vision, backed by batteries

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Some \$32 billion in private investment is expected to flow into mostly renewable energy in NSW by the end of the decade under the state government's electricity infrastructure road map, which Energy Minister Matt Kean says will keep the lights on and get power prices down.

Investment is expected in 12 gigawatts of renewable energy backed up by two gigawatts of storage, such as pumped hydro and batteries, by 2030. Much of the investment would be focused in NSW's first two renewable energy zones, in the Central West and [New England regions](#).

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NSW's plan involves extensive private investment in renewables and energy storage.

The road map, released on Monday, is forecast to save NSW households \$130 a year on average on their electricity bills from 2023 to 2040, with small businesses set to save \$440 each, Mr Kean said.

The 20-year plan, which includes on-demand gas power generation, comes as NSW faces a dramatic drop in baseload coal generation capacity as ageing plants come to the end of their life, with 75 per cent of capacity set to close down in the next 15 years.

AGL Energy's Liddell plant in NSW is the first to close, in 2022-23, followed by Delta's Vales Point plant which is scheduled to close in 2029, then Origin Energy's Eraring in 2032 and AGL's Bayswater two years later.

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The road map is intended to ensure timely planning to replace the capacity with cleaner and secure supply, helping reduce prices while creating jobs, mostly in regional areas.

Treasurer Dominic Perrottet said the initiative would boost the state's energy security and "deliver to NSW some of the cheapest prices in the OECD".

Modelling in the road map points to average wholesale power prices of \$50 a megawatt-hour, compared with \$73/MWh under the "business as usual" scenario, which includes a spike to about \$125/MWh in 2036. It envisages industrial electricity prices, including grid costs, to fall to \$US84/MWh, which it said would place NSW within the cheapest 10 per cent of OECD jurisdictions.

Storage boost

The road map envisages unlocking more than 9000 jobs, according to Deputy Premier John Barilaro. Farmers and landowners will get a boost from \$1.5 billion in lease payments to host new infrastructure by 2042, while \$50 million will be available in grants to support the delivery of pumped hydro projects.

The plan identifies the potential for pumped hydro storage to back up the huge investment already occurring in variable wind and solar generation. It notes that the Australian Energy Market Operator calculates that by the mid-2030s, NSW will need about 2.3 gigawatts of storage with four to 12 hours of duration in addition to the 2 GW and 350 gigawatt-hours of the \$5.1 billion Snowy 2.0 project.

The \$50 million in grants is intended to support up to 3 GW of pumped hydro projects, effectively sharing the risks of early-stage projects between government

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Included in the road map is the commitment to establish an "Electricity Infrastructure Investment Safeguard" to provide an investment pathway for long-duration storage projects. A consumer trustee will be appointed to run competitive tender processes for long-term energy services agreements that would support the projects, with the aim of establishing 2 GW of long-duration storage by 2030.

The agreements give projects the option of selling electricity at an agreed price, providing certainty of revenue while ensuring supply remains reliable for consumers. They are intended to give investors confidence about minimum returns, but payments under the system are only likely to be triggered if consumers are already benefiting from low prices, the road map said. If prices increase again, the project repays consumers.



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The blueprint points to the value of gas peaking plants to provide stability in energy supply but does not refer to the federal government's call in September for commitments from private investors for 1000 MW of gas-fired generation in the state by April. Otherwise, it would direct federal government-owned Snowy Hydro to build gas-fired capacity, [Prime Minister Scott Morrison said then.](#)

The NSW government has already [kicked off plans for several large-scale batteries](#) in the state, as well as for the renewable energy zones.

Angela Macdonald-Smith writes on the resources industry with a focus on energy, including gas, oil, electricity and renewables. *Connect with Angela on [Twitter](#), Email Angela at amacdonald-smith@afrc.com*

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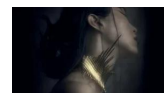
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