

ESTIMATES COMMITTEE

Question Taken on Notice

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Date: 8 December 2020

From: Mr Gerard Maley MLA

To: Hon Eva Lawler MLA

Portfolio: Renewables and Energy

Agency: Industry, Tourism and Trade

Subject: Renewable energy target economic modelling costs

QUESTION:

You have done some modelling in relation to the 50% renewables by 2030. What are the costs in your modelling that you have done which is going to cost the government to reach the 50% target by 2030?

ANSWER:

Given the emergence of new technologies, and increased interest and investment of private enterprises, it is difficult to attribute total government investment over 10 years to reach our 50% renewable energy target by 2030. The government's position is that ongoing investment in renewables technologies will be a joint effort with industry, business and the community, driven largely by social licence and environmental stewardship considerations.

The Northern Territory is implementing reforms to address system security and reliability, encourage private investors and maximise the amount of renewable power in the network.

Private investment and competition in the electricity generation and retail sectors aims to put downward pressure on the costs of supplying electricity to Territorians, and thus the price of electricity to consumers and the significant community service obligation subsidy paid to retailers to support the uniform electricity tariff. Private investment also provides the opportunity for private capital to fund required infrastructure, reducing the call on Government investment.

While the required policy reforms are implemented, our Government is pushing ahead with investment in a range of cost saving energy infrastructure, such as the 35MW Battery Energy Storage System (BESS) for the Darwin-Katherine grid, which will deliver cost savings of around \$6 million per year and is expected to pay for itself in approximately five years.

Government is investing a further \$4.3 million for the installation of additional solar generation and energy storage systems at the Wurrumiyanga community power station. The project builds on the learnings established through the successful \$59 million Solar Energy Transformation Program (SETuP), that was co-funded by the Northern Territory Government and the Australian Renewable Energy Agency, delivering 10 megawatts of solar generation to 25 sites across the Territory between 2017 and 2019.

The Wurrumiyanga project is expected to save 12 million litres of diesel fuel and 34 000 tonnes of greenhouse emissions over the 20 year asset life, and deliver a return on investment of 17.8 per cent and net present value of \$11.1 million over 20 years.

There is also a plan to replace aging infrastructure with more efficient systems that will better meet the Territory's energy needs and create future operational savings.

Government is also providing guidance and leadership to the industry. Government is preparing a Darwin Katherine System Plan that will provide a guide to government, industry and consumers on the 50% renewables trajectory and investment activities required to enable achievement of the renewable energy target by 2030.

As part of this process, modelling is being undertaken to identify the most sustainable approach to electricity network system design ensuring more renewable energy is provided that is secure, reliable and at least cost.

In addition, Government has funded the Intyalheme Centre for Future Energy is undertaking a number of projects focused on removing barriers to further renewable energy penetration in the Alice Springs power system.