

Hawker Britton

South Australian Power for South Australians

March 2017

On 14 March 2017, South Australian Premier the Hon Jay Weatherill MP released a \$550 million plan to secure the supply of energy to the state - *South Australian Power for South Australians*.

The plan outlines six key areas of focus for the Weatherrill Government, including:

- A battery storage and renewable technology fund
- A new gas power plant
- South Australian legislative powers over the national market
- New generation for more competition
- South Australian Gas Incentives
- Energy Security Target

The full *South Australian Power for South Australians* plan is available [here](#).

Battery storage and renewable technology fund

- *The Renewable Technology Fund*: The Government will establish the \$150 million Renewable Technology Fund in order to support projects that will provide renewable energy to the state 24 hours a day, seven days a week when needed. The fund will provide \$75 million in grants and \$75 million in loans. These loans will be available to private innovative companies and entrepreneurs for projects deemed eligible by the Government. The first project to be funded will be a grid-connected battery that will provide the state with 100 megawatts of storage.

The Government is currently considering a number of large-scale projects, including solar thermal, biomass, hydrogen energy and pumped hydro.

New Gas Power Plant

- *Government built 250 megawatt gas-fired electricity generator*: The Government will construct a publically-funded 250 megawatt gas-fired generator. The construction of the generator has been budgeted to cost \$360 million. Funding for the construction includes \$150 million from the newly announced Renewable Technology Fund and \$24 million from the new The Plan for Accelerating Exploration (PACE) grants. The generator will have the ability to be switched on in time of emergency, but will also offer stability to the local supply of electricity.

In the interim, the Government will work with South Australia's transmission and distribution companies to provide up to 200 megawatts of temporary generation, in order to provide generation for short periods and emergency situations.

Local powers over the national market

- *New legislation:* The Government will begin work immediately on legislation to provide the Energy Minister with the power to direct the national market in the event of a lack of electricity supply. These powers will only be exercised in the event the national market does not act in South Australia's interests.

Also, proponents of new electricity-generation projects will be required to outline how their proposal will add to local energy-system security. The assessment will be carried out by the Office of the Technical Regulator to assess applications for all generators above 5 megawatts.

New Generation for More Competition

- *Energy competitor tender:* In September 2016, the Government announced it would launch a tender to procure 75 per cent of its long term electricity needs, specifically with the introduction of a new competitor. As part of the state's renewable energy transformation, the Government is tendering the remaining 25 per cent of its electricity load to support dispatchable renewable energy initiatives.

The new contracts are scheduled to commence on 1 January 2018.

South Australian Gas Incentives

- *Sourcing more local gas:* The Government will immediately allocate an extra \$24 million for a second round of funding to incentivise private companies to extract gas, while creating jobs through PACE grant-supported projects. The Government predicts PACE grant-supported projects are estimated to generate \$198 million in prospective expenditure. The Government believes exploration of the Cooper Basin could meet Australia's energy supply needs for more than 200 years.
- *Royalties for landowners:* The Government will introduce a new ACE Royalties Return Scheme will provide 10 per cent of royalties to landowners whose property overlies a petroleum field which is brought into production, opening up new exploration across South Australia.

Energy Security Target

- *Energy Security Target:* A new target will require South Australian energy retailers to obtain a percentage of energy from generators within South Australia, rather than from Victorian coal through the interconnector. The target has been modelled by Frontier Economics. South Australia's energy security target will transition to an Emissions Intensity Scheme or Lower Emissions Target, in the event national policy changes in the future.



Background

The release of the *South Australian power for South Australians* plan follows various energy policy related announcements from the Weatherill Government including:

- The South Australia Energy Productivity Program – December 2016. As part of the South Australian (SA) 2016-17 Mid-Year Budget Review, the Government allocated \$31 million over two years to roll out an Energy Productivity Program aimed at assisting large SA businesses manage their operating electricity costs. Businesses that use more than 160MWh of electricity each year are eligible to access funding through the Program.
- Energy supply tender – September 2016. In an effort to drive down electricity prices by increasing competition, the Government has encouraged the private sector to provide an energy supply service that will reduce carbon emissions and ease the financial burden on businesses and consumers.
- South Australia's Low Carbon Investment Plan – December 2015. The Plan outlines the Government's intention to achieve \$10 billion of investment in low carbon energy generation by 2025 and 50 per cent of electricity production to be generated by renewable energy by 2025.

Further information

The *South Australian Power for South Australians* plan is available [here](#).

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