



# SA prices lower than other states

Ben Potter

Average electricity prices in South Australia fell below those in coal-rich Victoria and NSW in the first four months of the financial year, and have been the lowest of any mainland eastern state in the past two months.

The surprise reversal of the historical premium paid by South Australian energy users suggests steps taken by the Australian Energy Market Operator and the Weatherill government to ease the state's energy reliability problems are working, energy expert Ross Garnaut says.

The Turnbull government blamed South Australia's high electricity prices in the first half of the year on its heavy reliance on renewable energy – the state gets half its supply from wind and solar power and has had no coal generation since May 2016.

But Professor Garnaut says the recent fall in SA's wholesale prices to among the lowest in the National Electricity Market shows that with the right grid stability services, high levels of wind and solar energy can safely deliver affordable power.

He told an event at Perth's Murdoch University on Friday that South Australia's experience would be of international interest because no national energy market in the developed world had such a high renewable energy penetration. Many countries are shifting to cleaner energy to meet their Paris greenhouse gas emissions cuts targets.

The Weatherill government reacted to a partial blackout affecting 90,000 homes during a heatwave last February by implementing an energy security plan that

includes 200 megawatts of diesel generators, a 100 MW battery being built by Elon Musk's Tesla, a generator reliability obligation, and a fast-starting gas jet engine for the future. AEMO is marshalling 1000 MW of "demand response" for the summer to fill a gap of that size it has identified in the event of extreme weather conditions following the closure of Victoria's 1600 MW Hazelwood brown coal power station in March.

AEMO has also prevailed upon gas plant owners to recommission 830 MW of capacity. Demand response rewards energy users for curtailing their usage and sends energy back to the grid from "behind the meter" solar panels, batteries and smart appliances such as air-conditioners and pool pumps at times of extreme demand. Professor Garnaut said longer-term, new transparent markets would be needed for the multiplicity of grid stability services required to deliver electricity reliably.

He said AEMO recognised this in its advice to the Turnbull government on dispatchable energy supply and its approach was preferable to the Energy Security Board's National Energy Guarantee, which relied on a

single market for reliability, and at times conflated flexible dispatchable capacity with traditional baseload power which traditionally comes from coal plants.

Professor Garnaut said a combination of AEMO's transparent multiple grid stability services markets and realistic Paris climate agreement targets would be more likely to produce energy security.

"We'll have a secure basis for Australia to emerge as the energy superpower of the low carbon world economy", he said. Professor Garnaut was a climate policy adviser to the former Labor government and is now President of ZEN Energy, which is working on a \$700 million solar, battery and pumped hydro energy plan for Liberty OneSteel.

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