

Early retirement of power plant sparks heated...

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Early retirement of power plant sparks heated debate

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Origin Energy's plan to close Australia's largest coal-fired power station seven years early has sparked fears over electricity supply and price spikes amid urgent calls for governments and industry to work together to manage the accelerating clean energy transition.

The power and gas giant notified authorities yesterday that it intended to shut down the 2880-megawatt Eraring generator at Lake Macquarie in NSW in 2025, saying "rapidly changing" energy market conditions had hammered the plant's viability.

Eraring, originally slated for closure in 2032, has been under intensifying pressure as the roll-out of renewable energy radically reshapes the market and slashes daytime wholesale electricity prices to levels where it is increasingly struggling to compete.



Eraring power station will be shut down in 2025. Photo: Peter Lorrimer

While environmentalists welcomed the early retirement of one of the nation's largest single sources of greenhouse gas emissions, Origin's announcement sparked fresh debate about the power grid's ability to handle the

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pace of change from coal to more intermittent renewable energy.

“The transition is really moving rapidly,” Origin chief executive Frank Calabria told the *Herald*.

“The reality is the economics of coal-fired power stations are being put under increasing, unsustainable pressure by cleaner and lower cost generation, including solar, wind and batteries.”

Australian Industry Group chief Innes Willox called for a “consensus across the Commonwealth, states and stakeholders on a market design and policy mix”.

Large commercial and industrial energy users warned Eraring’s closure could be a “disaster for energy bills” and underscored the urgency of developing a nationally consistent approach to the energy transition.

“We need an orderly transition in energy markets, not short-notice departures like this,” said Andrew Richards of the Energy Users Association of Australia, whose members employ more than 1 million people.

“Now more than ever we need collaboration between all parts of the energy market, including with governments.”

Federal Energy Minister Angus Taylor said Origin’s decision was “bitterly disappointing” and would leave a “considerable gap” in reliable generation.

“This decision is bitterly disappointing for all energy users – from households to small businesses to heavy industry – who rely on affordable, reliable energy to prosper,” he said. “It is also bitterly disappointing for the 400 workers and communities in the Lake

Macquarie region.”

Union officials for Eraring’s workforce said staff had been “blindsided” by yesterday’s news.

“For the many Lake Macquarie and Hunter Valley families that rely on the Eraring power station for their livelihoods, today’s announcement creates uncertainty for the future,” Robin Williams of the Mining and Energy Union said. “We need an industry plan to prevent forced redundancies, create job transfer opportunities for skilled energy workers and investment in the regions that have powered Australia for decades.”

Origin is planning to build a 700-megawatt battery at the site of Eraring once the power station closes. The company yesterday said firm commitments across the wider industry to build out more on-demand energy capacity in the market in coming years, along with new transmission infrastructure to better-enable the flow of energy from one part of the east coast to another, would “more than compensate” for Eraring’s exit.

NSW Energy Minister Matt Kean, who yesterday revealed plans for another 700-megawatt battery, said the state’s “road map” to spur renewable-energy development contained a target for power reliability and pricing. He said the Australian Energy Market Operator had confirmed his plan would deliver “security of supply for one-in-10-year heat demand event”, even after Eraring closed.

“I’m not going to engage in fear-mongering and misinformation,” Mr Kean said. “We are going to stick to the facts, the engineering

and the evidence, and I want to make sure that we focus on delivering the cheapest form of reliable electricity available.”

Origin’s retreat from coal, the world’s biggest source of greenhouse gas emissions, follows similar moves by other utilities. EnergyAustralia last year announced it would shut Victoria’s Yallourn coal-fired plant in 2028, while AGL has pledged to bring forward the closure dates of its coal assets in Victoria and NSW.

While coal still makes up most of the nation’s power, the roll-out of renewables is squeezing it further out of the market. In the three months to December 31, black coal fell to its lowest seasonal average share since the east-coast electricity market was created in 1998, while gas recorded its lowest since 2003. Renewable energy, meanwhile, accounted for a record-high average of 34.9 per cent of generation, beating the previous record of 31 per cent.

Mr Taylor said on-demand power assets including gas plants were crucial to supporting renewable energy at times when the wind is not blowing and the sun is not shining, and called on industry to “step up” with investments to replace Eraring.

He said the Morrison government would work with the NSW



government to adapt the energy grid, but warned: “Anyone who thinks a 700-megawatt battery that lasts for two hours is going to replace a 2800-megawatt coal-fired power station is delusional”.

Tony Wood, energy director at the Grattan Institute think tank, said Eraring’s closure was likely to push up prices to levels that incentivised

new private-sector investment.

Origin yesterday vowed it would consult with Eraring’s workforce about the timing of any potential retirement, and provide a “generous support package during any transition period”.

“This will include re-skilling, ca-

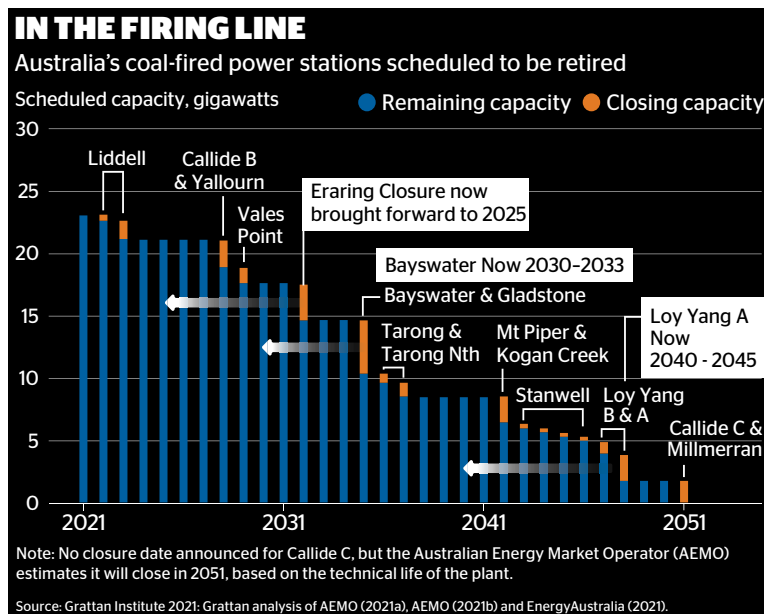
reer support and redeployment into new roles, where possible,” the company said.

Greens leader Adam Bandt said Australia’s major parties had failed energy employees. “We urgently need a national climate and energy plan to manage this accelerating shift from coal,” he said. “Instead of lying to coal workers and their communities about a future for coal, Liberal and Labor need to get real and join the Greens with a plan that secures workers’ future.”





Eraring power station on Lake Macquarie will be closed seven years ahead of schedule by Origin Energy. Photo: Dean Sewell



‘The economics of coal-fired power stations are being put under increasing, unsustainable pressure.’

Origin chief executive Frank Calabria