

Renewables-dominated South Australia delivering cheaper power than Vic, NSW

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ReNew Economy

13 July 2020

South Australian consumers are starting to reap the benefits of the state's world-leading renewable energy grid, with falling wholesale electricity prices in the state now delivering cheaper power than either Victoria or New South Wales.

South Australia energy minister Dan van Holst Pellekaan said in a statement on Monday that the state's wholesale electricity prices had fallen below those of its neighbouring NEM states for the first time in seven years, in time to deliver welcome bill relief during the Coronavirus downturn.

Van Holst Pellekaan said that the fall in wholesale electricity prices was translating directly into savings annual household savings of between 2.7 per cent and 5.6 per cent this financial year.

"Driving down the cost of living lies at the heart of the Marshall government's policy agenda and cheaper electricity is providing significant relief for South Australian households and businesses," the minister said.

"Cheaper wholesale electricity is very good news for South Australian businesses large and small and will assist our economic recovery as we emerge from the coronavirus lockdown."

Pellekaan says the fall in prices meant Origin Energy customers would be saving a further \$127 dollars off their electricity bills this year, while AGL Energy customers would get another \$62, and customers on default contracts would save \$85.

"The good news for this financial year is in addition to a 3 per cent or \$62 fall in the average annual cost of electricity for households on market contracts during 2018-19 according to the SA Regulator, ESCOSA," he said.

Power price relief is particularly good news for South Australia, which has suffered from higher than average wholesale electricity prices – a phenomenon that is often blamed on its rapid and remarkable shift to renewables, but which in fact existed well before solar, wind, or big batteries came on the scene.

As RenewEconomy has reported on various occasions, the huge premium of South Australia's electricity prices dates back to the turn of the century, due to the state's unique position in the market, its weather patterns, the dominance of a few big players in the local grid, and its dependence on expensive gas.

In reality, as [RE editor Giles Parkinson explained here](#), there is nothing scary about a grid with more than 50% wind and solar. Rather – with more energy storage and more "dispatchable" facilities – the fossil fuel industry's stranglehold over electricity prices can finally be broken.

At this stage, the state sources more than 55 per cent of its electricity supply from local wind and solar, and is aiming for 100 per cent by 2030. The Australian Energy Market Operator is predicting that number could arrive early, and is rolling out an accelerated program to make sure it has sufficient control over distributed energy to deal with the growing share of rooftop solar.

Last month [the government announced](#) a new energy package to support this move, and to ensure this target is reached in good time. It includes a commitment to fast-track a new transmission line to NSW and allowing the market operator to effectively switch off rooftop solar to protect the grid.

"The proposed SA-NSW Interconnector (Project EnergyConnect) will drive down the price of electricity in both states even further when it comes into operation," said Pellekaan on Monday.

"Project EnergyConnect will reduce the average South Australian residential electricity bill by \$66 and the typical small businesses bill by \$132."

Sophie is editor of [One Step Off The Grid](#) and deputy editor of its sister site, [Renew Economy](#). Sophie has been writing about clean energy for more than a decade.