



MEDIA RELEASE

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Gas generation is the cheapest to build but urgent CIS reforms necessary

Today's CSIRO GenCost analysis has confirmed that open cycle gas power plants have the lowest capital costs, even lower than solar and wind, proving again that gas generation is the perfect partner for renewables.

The Australian Pipeline and Gas Association (APGA) reiterates its call, shared by energy retailers, industry, and major energy users, for reforms to the Capacity Investment Scheme (CIS) to include gas-powered generation to accelerate the exit of coal-fired generation and help support the rapid scaling of renewables.

In December 2022, gas generation was excluded from the CIS but the final design of the scheme, as well as Renewable Energy Transformation Agreements (RETAs) with state governments, are yet to be finalised. Concurrently, the Victorian Government has signed confidential taxpayer funded deals to prolong the use of brown coal generation, while the NSW Government is exploring an extension for Eraring Power Plant.

The Future Gas Strategy, released by the Federal Government earlier this month, recognises the enduring importance of gaseous fuels to help smooth Australia's transition to net zero. The Strategy had a predominant focus on the supply of natural gas, but urgent work must be done to ensure low-cost GPG is available to firm Australia's electricity grid and provide energy certainty for industry, small businesses, and households.

APGA chief executive Steve Davies says one of the only major projects that has been delivered on-time during the energy transition, in spite of the COVID-19 pandemic, was the Tallawarra B power station in NSW.

"Gas-powered stations have the lowest capital costs, and are the most dependable when it comes to delivery times – but this vital firming remains outside the scope of the Capacity Investment Scheme," Mr Davies said.

"Open-cycle GPG has the lowest capital costs of all generation forms and clearly provides the best 'bang for the taxpayers' buck' as a firming partner to variable renewables such as solar and wind."

"Ultimately, AEMO recognises we will need more than 16GW of gas-powered generation to help support renewables in a net zero Australia, but this vital firming remains challenged in entering the market because all other forms of new-build generation has been de-risked through sizable government financial support."

About

The Australian Pipelines and Gas Association (APGA) represents the owners, operators, designers, constructors, and service providers of Australia's pipeline infrastructure, connecting natural and renewable gas production to demand centres in cities and other locations across Australia. Our members offer a wide range of services to gas users, retailers and producers and ensure the safe and reliable delivery of 28 per cent of the end-use energy consumed in Australia.

Contact

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