

Assessing how the states are tracking on their emissions and renewable energy targets

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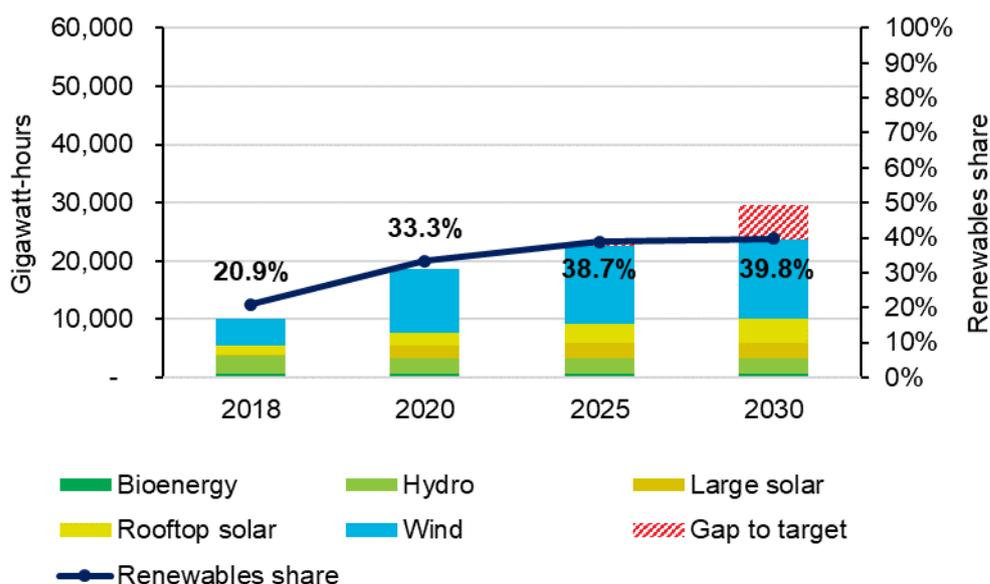
Shortly after its re-election, the Morrison Federal Government confirmed it would not consider a new policy to reduce carbon emissions from Australia’s electricity sector.

Meanwhile every single state government within the National Electricity Market has either a target to increase the share of renewable energy, or substantially reduce its emissions. This includes both Labor and Liberal Party governed states.

So how are the states going in reaching their targets?

Victoria at least is doing pretty well.

The chart below illustrates the amount of renewable energy being generated in Victoria by fuel type and Green Energy Markets’ projections of how it will change out to 2030. This is based on a combination of large utility-scale projects either in operation, construction or contracted plus growth in rooftop solar expected by the Australian Energy Market Operator.



Source: Green Energy Markets Renewable Energy Index – May

Victoria will achieve dramatic growth in renewable generation in just the next two years such that renewables will generate a third of supply. By 2025 Victoria will have almost achieved its interim target

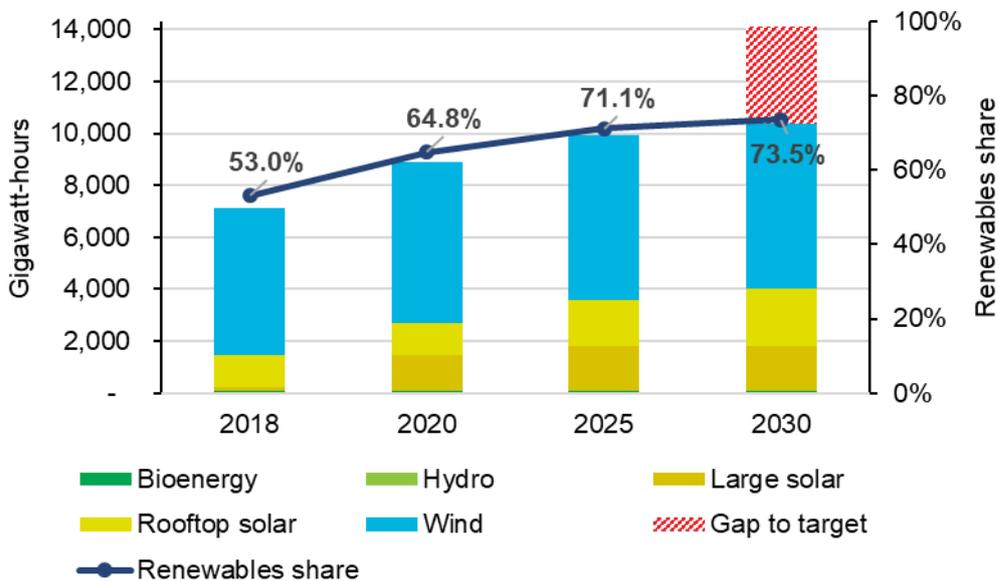
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of 40% renewables, even without any new wind or solar farms beyond those already committed or contracted. However, to get to 50% by 2030 the Victorian government needs roughly another 2,000 megawatts of projects.

That shouldn't be hard to achieve. Last year it completed a tender to contract 650 megawatts of projects which actually ended up delivering 928 megawatts of projects. During that tender it received proposals for over 3500MW of projects. So just another two tender rounds could be enough to get Victoria to 50% renewables.

South Australia has also achieved pretty staggering progress in the last few years, with renewables generating greater than half the state's electricity consumption last year. By 2030 it will have reached 73.5%. But this still leaves the state short of the Liberal Government's target for 100% net renewables by 2030 – where any fossil fuel use is offset by extra renewable energy exports. We estimate another 1,300 megawatts would lift them to 100%.

South Australian renewable energy by year and share of total consumption



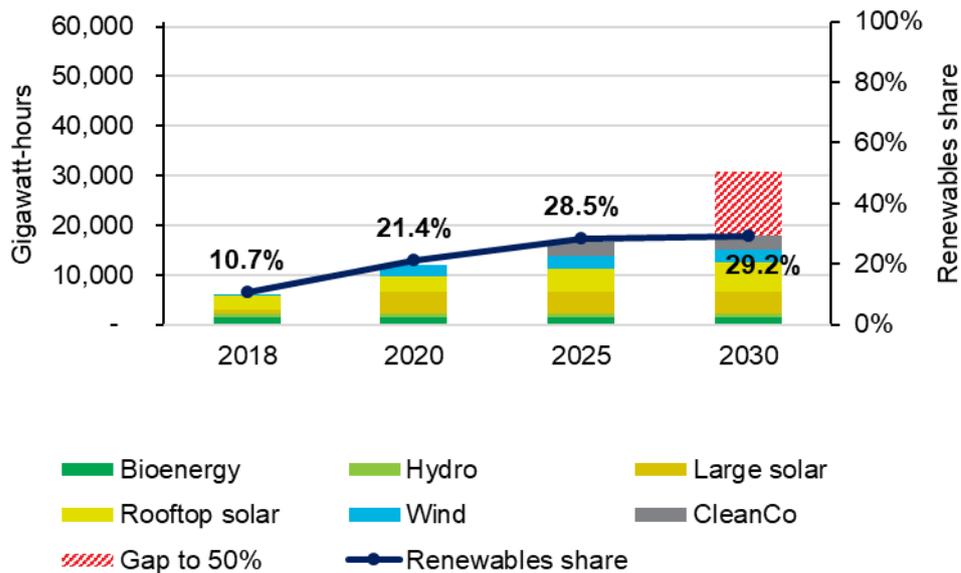
Source: Green Energy Markets Renewable Energy Index – May

Tasmania has already achieved its government's target of 100% renewables by 2022, which was basically business as usual.

Queensland will double the share of its demand met by renewables in just two years from 10.7% to 21.4% by 2020. After that though progress slows. The government's new power company – CleanCo – will help continue to drive growth but it isn't enough to reach the state's target of 50% renewables by 2030. CleanCo has been tasked with procuring 1,000 megawatts of renewables but the state needs far more – 5,500 megawatts – to reach 50%. Given the state managed to commit 2,700 megawatts to construction in the last three years there's no physical challenge to constructing 5,500 megawatts over the next ten years.

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Queensland renewable energy by year and share of total consumption



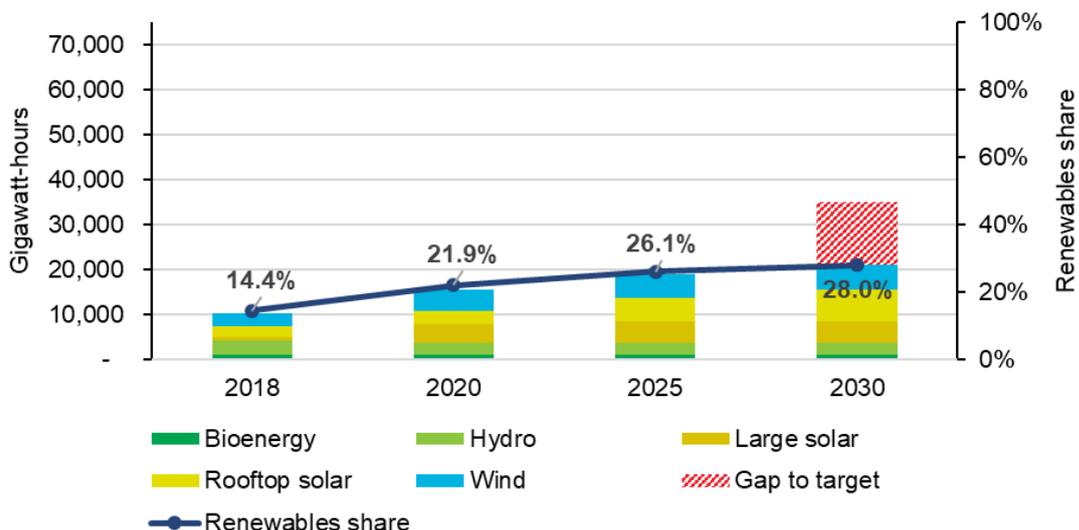
Source: Green Energy Markets Renewable Energy Index - May

NSW is also failing to back up its target with sufficient actions. The NSW Government defines its target in terms of emissions rather than renewable energy market share, but it provides for a similar result. Their target is to have zero emissions across their economy by 2050. Unless they plan on rolling out nuclear, this is, for all intents and purposes, a target for 100% renewable electricity supply.

To steadily get from where they were last year at 14.4% renewables to 100% by 2050 they need to increase the share of renewable energy meeting their electricity demand by close to 2.7 percentage points each year. So, if the NSW Government was genuinely serious about its target, then by 2030 renewable energy should make up close to 46% of their electricity demand.

But present project commitments plus rooftop solar only deliver 28% renewables, and the state needs to stimulate another 5,000 megawatts of projects to get back on track.

NSW renewable energy by year and share of total consumption



Source: Green Energy Markets Renewable Energy Index - May

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There is clearly a great deal of frustration amongst consumer groups, the electricity industry and investors about the lack of a clear legal framework for driving emissions down in line with our international obligations.

State Governments appear to understand and share this frustration. This was evident in a [recent speech given by NSW's Energy Minister Matt Kean](#) and also revealed in an [interview South Australia's Energy Minister Dan van Holst Pellekaan gave to the Guardian](#).

Yet constitutional power for the power sector rests with state governments, not the federal government. They have full legal authority to implement something like the National Energy Guarantee or indeed some better policy to lower emissions. Continuing to point the finger at the federal government will get us no closer to a policy that supports ongoing investment in the electricity sector, reduced emissions and lower electricity prices.

The states are not that far apart in what they say they want to achieve. The power is within their own hands to deliver it.