Submission regarding Kurri Kurri Gas plant in Hunter Valley

Introduction

I write this submission as a taxpayer and concerned citizen that allocation has been proposed for a gas plant at Kurri Kurri that is not required. This is not a correct use of taxpayers' money nor is it appropriate to create more fossil fuel assets when we need to urgently address climate change. I will cover climate change, business case and pollution as my main areas of concern.

Climate Change

The proposal does not support NSW Net zero targets by 2050[1]. A new duty of care has been set with the recent Sharma legal case[2]. The IEA (2021) says "As of this year, no new oil, gas and coal investments are needed if we want to reach our targets."[3] Given this basis the project should not proceed. The Climate Council calls for an equivalent pumped hydro alternative that would reduce NSW emissions, provide for grid security, and facilitate reduced prices.[4]

Deficient Business Case

1. No business case has been provided for the project.
2. **Demand:** AEMO found that only 154MW in 2023-34 up to 525MW in 2025-26 would be required to meet reliability shortfall once Liddell closed in 2023. This can be covered by other means already planned to include underwriting by the NSW government and battery plans by Energy Australia and others. Current batteries construction has a capacity of 100MW/135MWh and projected capacity for NSW is 3,658MW/3,771MWh (Climate Council, 2021)[5]. Energy Australia already has planned a 300MW Tallawarra B gas powered generator using blended green hydrogen projected to be available for 2023-24.[6] Further, there are new interconnectors coming with Transgrid from Queensland in 2021 and Energy Connect from South Australia scheduled for 2023 rather than the forecast 2028.[7] Table 1 lists the amounts by AEMO.

[1] https://www.environment.nsw.gov.au/topics/climate-change/net-zero-plan
https://majorprojects.planningportal.nsw.gov.au/prweb/PRRestService/mp/01/getContent?AttachRef=SSI-12590060%2120210427T001516. 283%20GMT
[2] https://www.environment.nsw.gov.au/topics/climate-change/net-zero-plan
https://majorprojects.planningportal.nsw.gov.au/prweb/PRRestService/mp/01/getContent?AttachRef=SSI-12590060%2120210427T001516. 283%20GMT
[3] https://www.smh.com.au/world/europe/top-energy-chief-tells-australia-to-get-to-net-zero-emissions-before-2050-20210517-p57sq7.html?fb%20clid=IwAR1AmOC4p5WhD1Nb5StDa7Qomy2dUWXjsPRZz1BYJq7J00vyT7Nkuu-bQE8
[4] https://www.climatecouncil.org.au/wp-content/uploads/2021/06/Kurri-kurri-sub-1-June-FINAL.pdf
[5] https://www.climatecouncil.org.au/wp-content/uploads/2021/06/Kurri-kurri-sub-1-June-FINAL.pdf
[6] https://energybyte.com.au/kurri-kurri-gas-power-station/amp/
[7] Ibid

Table 1 Forecast reliability gap (in MW) to meet the reliability standard and IRM

	Gap to meet reliability standard			Gap to meet IRM		
	Victoria	South Australia	New South Wales	Victoria	South Australia	New South Wales
2020-21	0	0	0	0	0	0
2021-22	0	0	0	0	0	0
2022-23	0	0	0	0	0	0
2023-24	0	0	0	0	0	154
2024-25	0	0	0	0	0	305
2025-26	0	0	0	0	0	525
2026-27	0	0	0	0	0	472
2027-28	0	0	0	0	0	895
2028-29	0	0	0	0	0	1,001
2029-30	0	0	1,480	166	148	2,045

Note. The forecast reliability gaps identified in this table apply to particular periods within the financial year stated.

AEMO, Statement of Opportunities 2020, p9

Source: https://energybyte.com.au/kurri-kurri-gas-power-station/amp/

3. The Kurri Kurri plant is expected to be for 30 years and cost capital of 610 billion that has been estimated to be more likely 30-50% higher and will not keep price down.[8] Tom Parry, founder chairman of AEMO stated "What the proposed plant will do is displace some private sector investments; disrupt emerging market and technological solutions; and expose taxpayers to risks in a market that governments (sensibly) have moved out of over the past 25 years."[9]
4. Given the large capital investment, the operation time is miniscule at 2% of the year. There is no gas pipeline currently to the site which necessitates running it on diesel for the first 2 years.[10] Diesel is very polluting and emissions generating fuel.
5. There are only 10 ongoing jobs being provided by the project.[11] You would expect much more employment to be provided to assist the economy.

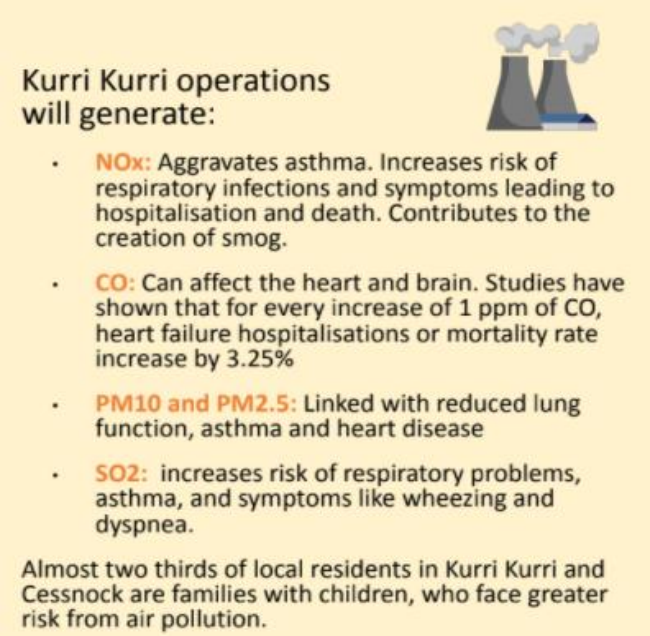
[8] Tom Parry, AFR, 24-5-2021 https://www.afr.com/policy/energy-and-climate/hunter-valley-gas-plant-turns-25-years-of-the-nem-on-its-head-20210523-p57ufg
[9] Ibid
[10] https://majorprojects.planningportal.nsw.gov.au/prweb/PRRestService/mp/01/getContent?AttachRef=SSI-12590060%2120210427T001516.283%20GMT
[11] Ibid

6. Conflict of interest is to be raised given Jeff McCloy is known as a major Liberal Party donor and owns the land for the project.[12]
7. What do the experts say:
    a) Clean Energy Council indicates the proposal as a risky venture "*developing a new gas peaker in Australia is both irrational and imprudent, exposing shareholders to potential losses, taxpayers to unnecessary debt and electricity customers to high costs."*13
    b) Kerry Schott, Chair Energy Security Board highlighted that it did not make commercial sense.[14]
    c) Matt Kean says that gas is an expensive way of making electricity.[15]
    d) The Australia Energy Council says it is distorting the market.[16]
    e) Ross Garnaut calls the proposal a "waste of money".[17]

Air Pollution

In contrast to the NSW Clean Air Strategy, Kurri Kurri would further exacerbate pollution in the area affecting the wellbeing of the community. The plant will emit nitrogen oxides, carbon monoxide, particulate matter, sulphur oxides, hydrocarbons, and other volatile organic compounds.[18] There are greater problems with the intermittency of the plant that generates up to seven times NOx than from 1 hour of operation.[19]

[12] https://www.crikey.com.au/2021/05/19/kurri-kurri-conflicts-why-exactly-has-600m-been-announced-for-this-hunter-gas-plant/
[13] https://www.cleanenergycouncil.org.au/resources/resources-hub/battery-storage-the-new-clean-peaker
[14] https://www.theguardian.com/environment/2021/apr/30/australian-energy-board-chair-says-gas-fired-power-plant-in-hunter-valley-doesnt-stack-up
[15] https://www.abc.net.au/news/2021-04-12/four-corners-gas-plan-pressured-experts/100055730
[16] https://www.abc.net.au/news/2021-05-19/why-government-is-building-gas-fired-power-station-kurri-kurri/100149592
[17] https://www.smh.com.au/politics/federal/we-re-burying-banknotes-ross-garnaut-rubbishes-government-s-600m-gas-plant-20210525-p57usa.html
[18] https://majorprojects.planningportal.nsw.gov.au/prweb/PRRestService/mp/01/getContent?AttachRef=SSI-12590060%2120210427T001516.2 83%20GMT
[19] https://www.caiso.com/Documents/SB350Study-Volume9EnvironmentalStudy.pdf



Source: Australian Parents for Climate Action, 2021

Conclusion

The proposal should be rejected based on no justified business case, detriment to the emissions goals of both of NSW and Australia and provides negative health impacts to the local community. There has also been raised legality including a conflict of interest and potential for future litigation for a "lack of duty of care" with respect to climate change. Many experts reject the proposal as unnecessary and a poor use of taxpayer's funds locking in a potential stranded asset.