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SUBMITTED ONLINE: <https://www.planningportal.nsw.gov.au/major-projects/project/40951>

9 June 2021

RE: Hunter Power Project (Kurri Kurri Power Station)

To whom it may concern,

Thank you for the opportunity to provide comment on the proposed Hunter Power Project (Kurri Kurri Power Station.)

The Australasian Centre for Corporate Responsibility (ACCR) is a registered charity with the Australian Charities and Not-for-profits Commission (ACNC). ACCR invests in and engages with Australian listed companies in regard to their performance on various issues, including climate and the environment. ACCR also works closely with institutional investors and has direct visibility of their current and emerging priorities.

ACCR strongly opposes the proposed Hunter Power Project. Any project or policy that prioritises fossil fuels over existing and emerging clean energy technologies is both negligent and dangerous.

Our objections to the Hunter Power Project are as follows:

1. Fossil gas is a carbon-intensive fuel and a material contributor to climate change.
2. Renewable energy generation is a more responsible use of taxpayer funds – wind, solar and battery technologies are cheaper.

3. The Hunter Power Project raises major concerns about the adverse impacts of industry influence on government policy.
4. Government investment in the Hunter Valley region should support a just transition, not further entrench polluting industries.

1. Fossil gas: a major climate polluter

Carbon dioxide (CO₂), the leading cause of climate change,¹ is released when fossil gas is combusted for electricity generation. Fossil gas is predominantly methane, a pollutant that is:

- 84 times more potent than carbon dioxide over 20 years; and
- 28 times more potent than carbon dioxide over 100 years²

Methane is the second largest contributor to climate change behind CO₂.³ Methane vents and leaks from gas wells, processing facilities and pipelines are receiving increasing attention through initiatives such as the International Energy Agency (IEA) Methane Tracker.⁴ With the use of satellites to identify and quantify the climate change impacts of these methane leaks,⁵ the oil and gas industry is facing escalating scrutiny and pressure from investors, communities and regulators. In August of 2020, 25 scientists wrote to Australia's Chief Scientist Alan Finkel underscoring that "that the time has passed for any new fossil fuel infrastructure, including the proposed expansion of the gas industry in Australia."⁶

In May of this year, the conservative and widely-cited IEA released their scenario for limiting climate change to 1.5 degrees, as outlined in the international climate treaty known as the Paris Agreement. The IEA explicitly excluded the development of new oil and natural gas fields.⁷ In other words, no credible path to 1.5 degrees exists without an immediate halt to oil, gas and coal expansion; rather, fossil fuel industries must begin dramatically ramping down in favour of renewables. The Hunter Power Project represents a

¹ "Summary for Policymakers," in *Global Warming of 1.5°C. An IPCC Special Report* (Intergovernmental Panel on Climate Change, 2018), https://www.ipcc.ch/site/assets/uploads/sites/2/2019/05/SR15_SPM_version_report_LR.pdf.

² R. K. Pachauri, Leo Mayer, and Intergovernmental Panel on Climate Change, eds., *Climate Change 2014: Synthesis Report* (Geneva, Switzerland: Intergovernmental Panel on Climate Change, 2015).

³ "Summary for Policymakers."

⁴ "Methane Tracker 2021 – Analysis," International Energy Agency, accessed June 8, 2021, <https://www.iea.org/reports/methane-tracker-2021>.

⁵ "Pulse," GHGSat, accessed June 8, 2021, <https://pulse.ghgsat.com/>.

⁶ "A Letter from 25 Scientists to the Chief Scientist, Alan Finkel," *Journal & Proceedings of the Royal Society of New South Wales* 153, no. 2 (2020): 182.

⁷ "Net Zero by 2050 - A Roadmap for the Global Energy Sector" (International Energy Agency, May 2021), 160.

huge public investment in fossil gas, the expansion of which is incompatible with the path to a safe climate mapped by the IEA.⁸

In a further, egregious source of climate pollution, the project Environmental Impact Statement advises that the Hunter Power Project is intended to be a dual fuel generator, with capacity to burn gas and diesel and that the power station could run solely on diesel for “six months” depending upon “the gas pipeline construction timeframe”.⁹

2. Investment in renewable technologies is more fiscally responsible

Renewable energy presents a massive saving in carbon pollution by comparison with fossil gas-fired power generation. But the Hunter Power Project will not only be polluting, it will be expensive - both to build and to run. The chair of Australia’s Energy Security Board, Kerry Schott, affirmed the opinion of many analysts in noting that new fossil-gas fired power generation in the Hunter “doesn’t stack up... it’s hard to see it makes commercial sense.” She underscored in public statements that “there are a whole lot of other things around that are cheaper in price, like wind, solar and big batteries, like pumped hydro.”¹⁰

In the CSIRO’s recent GenCost 2020-21 report,¹¹ which models the current levelised cost of electricity (LCOE) for a variety of sources in Australia, it has restated that as of 2020, solar and wind are less than half the cost of gas peaking plants (see Figure 1). Additionally, over the next decade and when factoring in the costs of new transmission and storage that are needed to integrate variable renewable energy, wind and solar power remain the cheapest generation option (see Figure 2). It should be noted that diesel generation is excluded from the CSIRO’s assessment, most likely due to its lack of deployment in grid-connected generators in Australia¹². The last time Lazard modelled an LCOE for diesel generation was 2017, when it was deemed to be the most expensive source of fossil fuel generation.¹³

This analysis is echoed in the most recent Integrated System Plan provided by the Australian Energy Market Operator, which does not regard new gas-fired power as

⁸ Samantha Hepburn, “International Energy Agency Warns against New Fossil Fuel Projects. Guess What Australia Did Next?,” *The Conversation*, May 2021, <http://theconversation.com/international-energy-agency-warns-against-new-fossil-fuel-projects-guess-what-australia-did-next-161178>.

⁹ Jacobs, “Hunter Power Project Environmental Impact Statement”, Snowy Hydro, April 2021, 24.

¹⁰ Katharine Murphy and Paul Karp, “Australian Energy Board Chair Says Gas-Fired Power Plant in Hunter Valley ‘Doesn’t Stack up,’” *The Guardian*, April 2021, <http://www.theguardian.com/environment/2021/apr/30/australian-energy-board-chair-says-gas-fired-power-plant-in-hunter-valley-doesnt-stack-up>.

¹¹ Paul Graham et al., “GenCost 2020-21 Final Report” (CSIRO, June 2021).

¹² “NEM Generation Information May 2021”, AEMO, [link](#)

¹³ “Lazard’s levelized cost of energy analysis - version 11.0”, Lazard, November 2017, 2.

necessary (it merely notes that it can be a “potential complement to storage,” which is unlikely to be price competitive, especially in a carbon-constrained world.)¹⁴

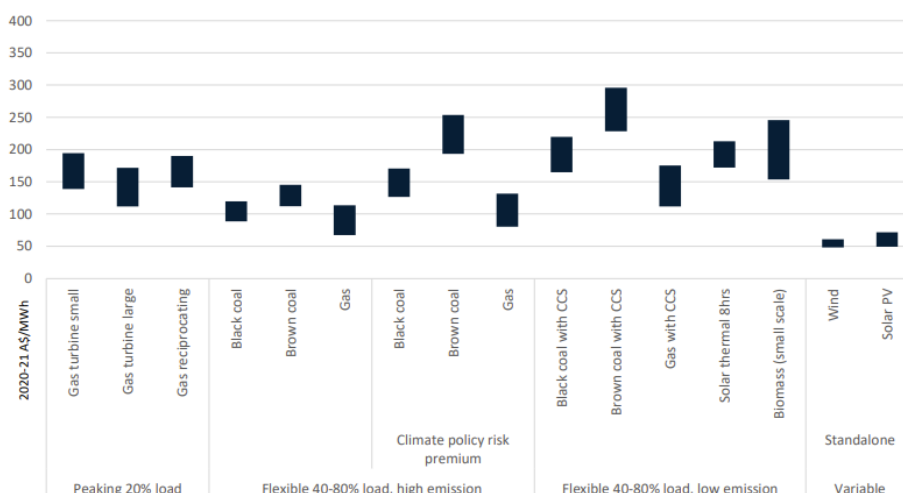


Figure 1: CSIRO GenCost 2020-21 - LCOE by technology and category for 2020¹⁵

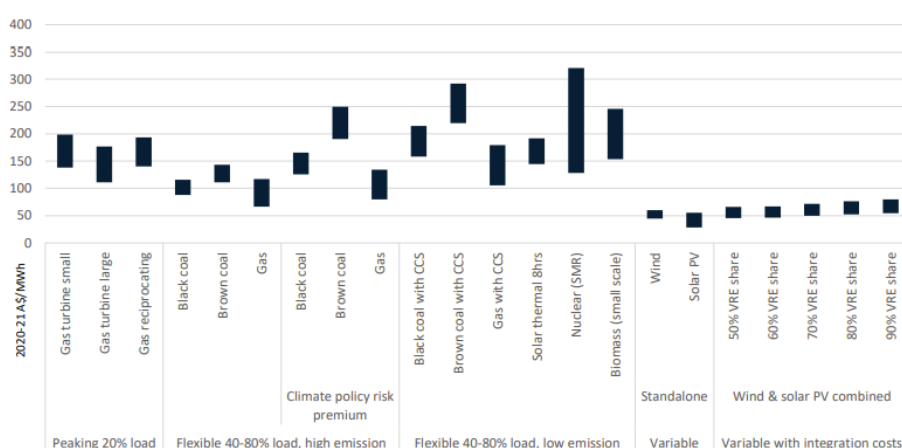


Figure 2: CSIRO GenCost 2020-21 - LCOE by technology and category for 2030¹⁶

In a direct illustration of this dynamic, a massive battery storage facility is also planned at Kurri Kurri. Australian Financial Review journalist Angela Macdonald-Smith noted at the time of the announcement, “[i]t also may place further doubt around Snowy Hydro’s proposed 750 MW gas power plant in the same town.”¹⁷

¹⁴ “2020 Integrated System Plan for the National Electricity Market” (Australian Energy Market Operator, July 2020), 53, <https://aemo.com.au/-/media/files/major-publications/isp/2020/final-2020-integrated-system-plan.pdf?la=en>.

¹⁵ Graham et al., “GenCost 2020-21 Final Report.”

¹⁶ Graham et al.

¹⁷ Angela Macdonald-Smith, “Hunter Set for ‘World’s Biggest Battery,’” Australian Financial Review, February 2021, <https://www.afr.com/companies/energy/hunter-set-for-world-s-biggest-battery-20210204-p56zji>.

Based upon the available analysis from experts, it appears that something other than economics and energy affordability is driving the proposed Hunter Power Project.

3. Questions of undue influence

The behaviour and influence of companies and their industry lobby groups is a key focus for ACCR. Analysis from the Centre for Public Integrity (CPI) has identified that the energy and resources industry has collectively made the greatest sum of donations to political parties over the last 20 years, noting that this buys “undue influence”.¹⁸ Major concerns have been raised about the over-representation of gas industry participants on the National COVID-19 Commission (NCC).¹⁹ Even former Prime Minister Malcolm Turnbull asserted that the Gas-Fired Recovery Plan was “driven by gas industry rent-seekers looking for subsidies”.²⁰

CPI, in its submission to the Federal Government on the National Gas Infrastructure Plan, pointed out the links between the Hunter Power Project and both the Hunter Gas Pipeline and the Santos Narrabri development. The submission noted that companies and individuals with interests in all three proposals “have made significant political donations – in particular, to the NSW Liberal Party.”²¹ The recent purchaser of the proposed site for the Hunter Power Project described himself, in an Independent Commission Against Corruption hearing, as a “walking ATM” for political donations.²²

4. Just transition

The Hunter Valley region is full of workers and communities which have historically been strongly connected to the coal industry, whether it be coal mining, coal-fired power generation, or coal export terminals. The energy transition currently underway means closures of these assets, including the Liddell power station (it is indeed the Liddell closure which is being used to justify the Hunter Power Project.)²³ Whilst government investment is

¹⁸ “Industry Political Donations and Disclosable Payments Case Study: The Resources and Energy Industry” (Centre for Public Integrity, 2020), 1, <https://publicintegrity.org.au/wp-content/uploads/2021/01/Industry-briefs-resource-and-energy-companies-FINAL-UPDATED.pdf>.

¹⁹ Katharine Murphy, “Zali Steggall Increasingly Concerned about Morrison Government’s Covid Commission,” *The Guardian*, May 2020, <http://www.theguardian.com/australia-news/2020/may/13/zali-steggall-increasingly-concerned-about-morrison-governments-covid-commission>.

²⁰ Phillip Coorey, “Malcolm Turnbull at the AFR Energy Summit Says Scott Morrison Must Pivot on Emissions,” *Australian Financial Review*, November 2020, <https://www.afr.com/politics/federal/what-scott-s-got-to-do-is-pivot-says-turnbull-on-emissions-20201124-p56hcj>.

²¹ “Submission on the National Gas Infrastructure Plan” (Centre for Public Integrity, March 2021), 5, <https://publicintegrity.org.au/wp-content/uploads/2021/04/NGIP-submission-FINAL.pdf>.

²² Kishor Napier-Raman, “Meet Jeff McCloy, the ICAC’d Former Mayor behind the Koala War,” *Crikey*, September 2020, <https://www.crikey.com.au/2020/09/16/jeff-mccloy-icac-koalas/>.

²³ Adam Morton, “Morrison Government to Fund \$600m Gas-Fired Power Plant in NSW Hunter Region,” *The Guardian*, May 2021, <http://www.theguardian.com/australia-news/2021/may/18/morrison-government-to-fund-600m-gas-fired-power-plant-in-nsw-hunter-region>.

absolutely necessary and welcome in the region, it should be oriented towards safe and healthy technologies and accompanied by well-designed policies to transition fossil fuel workers into new high-quality employment.

Should you require any further information on this submission, we are happy to provide it.

Yours sincerely,

Harriet Kater

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