



MEDIA RELEASE

MINERALS COUNCIL OF AUSTRALIA

Energy policy makers should remain technology neutral

Statement from Greg Evans, Executive Director – Coal

The MCA disputes claims by the Chair of the Energy Security Board today that there is no longer an investment case to build new coal-fired power stations in Australia.

Energy Minister Josh Frydenberg has rightly stated that the Government is developing the National Energy Guarantee (NEG) to ensure technology neutrality, where all generation options should be available and considered as part of the NEG's stated objectives to improve reliability and affordability while reducing emissions.

This approach would ensure that if the economics of a particular generation option are clear, then it should be allowed to operate without subsidy and on merit, allowing markets to select the best technologies.

Facts should be central to the energy debate, including a full analysis to support claims that dispatchable wind and solar with gas or pumped hydro is cheaper on a full system cost basis than new HELE coal-fired electricity generation.

The cost of fuel is only a small part of the equation – an evaluation of capital costs, utilisation rates and the 'firming' capacity required by intermittent renewables is essential before conclusions can be drawn about relative costs.

The mining industry commissioned an independent study in 2017 from Solstice Development Services and GHD Engineers which concluded a Hunter Valley HELE plant built on a brownfield site would cost \$2.2 billion per 1000 MW.

The engineering study quoted a construction period of four years for a large HELE plant, with the capability to deliver the lowest cost 24 hours a day electricity from \$40 per MWh, or a mid-point price of \$59 MWh – noting that the newest supercritical coal-fired plant in Queensland is producing electricity at a reported cost of just \$35 MWh.

The current HELE rollout in Asia, the Middle East, Europe, Africa and South America also shows that advanced coal technologies can deliver inexpensive and reliable power while reducing emissions.

The purpose of the National Energy Guarantee is to restore competitive energy markets with neutral policy settings. It should be investors who decide whether HELE stacks up as part of this approach.

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