

ENERGY — SUPPLY

**532. Ms L. METTAM to the Minister for Energy:**

I also extend my congratulations to the Matildas; they have certainly done us proud.

I refer to the Australian Energy Market Operator's *2023 Wholesale electricity market electricity statement of opportunities* for WA, which forecasts a shortfall of supply as early as 2025–26 and the government's response today to extend the life of unit 6 at Muja C coal-fired power station to April 2025, one month after the 2025 WA state election.

- (1) To avoid AEMO's forecast supply shortfall, which has blown out to 4 000 megawatts by 2032–33, does the minister have any plans to further extend the life of coal-fired power generators beyond their current retirement dates—yes or no?
- (2) Is the government considering building or funding new gas-fired power projects to address the current forecast shortfall?

**Mr W.J. Johnston:** Madam Speaker.

**The SPEAKER:** Sorry, I am just waiting to see what the Leader of the House is doing.

A member interjected.

**The SPEAKER:** Would anyone else like a drink? He is available.

**Mr W.J. JOHNSTON replied:**

- (1)–(2) There are two issues there. The first is the *2023 Wholesale electricity market electricity statement of opportunities*. I make clear, the shortfall that the member described for the year 2032–33 is a shortfall after the retirement of all the coal-fired power stations, including those that do not belong to the government of Western Australia. The reason that AEMO publishes these reports is that it can activate the tools it has available under the laws of Western Australia to procure the energy needs of the state. That is the reason the ESOO is published. It is called “statement of opportunities” for that specific reason. As the member knows from reading page 9 of the report, it outlines the two additional tools it has available to it, including the supplementary reserve capacity and non-co-optimised essential system services. Both those tools are available to it in addition to the capacity market that we have here in Western Australia. The way that it activates the private sector to respond to these needs is by publishing the statement of opportunities. I make it clear: that is the purpose for which the government of Western Australia, as the former Liberal–National government did, arranges for this to be published. That is the planning. We will not extend coal stations because they no longer fit into the market.

I will show the member the demand profile for week 31, which was the week of 25 to 31 July. The member can see how the demand goes up and down constantly. A coal station can work at that level, but it cannot respond at that level because it cannot be switched on to meet the high demand. That problem is getting worse and worse because the minimum demand in the middle of the day is falling; in fact, on an individual weekend in October last year, it was below 700 megawatts. The chart here shows it below 1 200 megawatts. Coal-fired power stations simply cannot fit into the system. Prolonging the life of coal-fired power stations causes more problems for the system; it does not provide solutions. What we said we would do at the time of the retirement, which is what we have done, is manage the retirement dates with the needs of the system. What was not expected three years ago, but is now known from the statement of opportunities, is that demand is increasing. When we made the decision to close the plant, demand was flat. Since then, there has been a changed circumstance. In conversation with the Australian Energy Market Operator, we have agreed to extend the life of Muja C6 for another six months so that it has a tool available to use if it needs it over that summer.

In respect of gas generation infrastructure, we said at the time we made the decision that we would not build new gas infrastructure after 2030. So far as I can remember, we are not at 2030 yet. The government has always said that it would consider additional gas generation, but not in replacement of coal. Coal is base load; gas is peaking. They serve different purposes. I will use this chart to point out to the member for Vasse that the peak only lasts for a couple of minutes; it does not last for hours and hours. A gas-fired power station works well for the peak because it can be switched on quickly and switched off quickly. That is also why batteries are even better; they have an instantaneous response and can be managed to exactly match demand, whereas that cannot be done even with a gas station. A coal-fired power station physically cannot do the peak; therefore, it cannot be used as a peaking plant. The purpose of a gas-fired plant and the purpose of a coal plant are unrelated to each other. There is, of course, combined-cycle gas turbines, but we are not talking about those. We are talking about peaking plants. Peaking plants do not do the work; they do not and cannot replace coal-fired power stations.

Equally, coal-fired power stations do not replace open-cycle gas turbines. We currently do not have any detailed plan that we would implement in respect of building additional open-cycle gas turbines. However, we retain the flexibility to do that because, as I said at the time, we want to be flexible and sensible. Unlike the Liberal and National Parties, which are driven by ideology, we are not driven by ideology; we are driven by planning and common sense. That is why the Australian Energy Market Operator continues to tell the government of Western Australia that it wants us to close the plant once the other infrastructure is in place. I am sure that we will talk about this further today, but I make it clear that we work with the Australian Energy Market Operator, we respond to the needs of the market and the state of opportunities is about giving signals to the private sector, which provides the overwhelming majority of electricity in the south west interconnected system and almost 100 per cent of the electricity outside the south west interconnected system, and we will continue to do that.