

ENERGY SUPPLY

561. Dr D.J. HONEY to the Minister for Energy:

I have a supplementary question. Is the increasing shortfall in the electricity supply over summer further evidence of an increasingly unreliable electricity system?

Mr W.J. JOHNSTON replied:

I just asked my office to find all the occasions on which Hon Dr Steve Thomas has said that we were going to run out of electricity, because I note that today he says we are going to run out of electricity not in 2023, 2024 or even 2025, but in 2027! If he is still in Parliament in 2027, we can have that debate. The reality is that, yes, Western Australia has a complex electricity system. It has to be independent and it has to be managed with very large swings in demand between peak and trough. There can be over 1 500 megawatts difference between the peak and trough of demand on a single day. That is an extraordinary effort. Remember that total peak demand is 4 500 megawatts. We can have swings of up to 30, 50 or 60 per cent of demand. On one day last year 82 per cent of the electricity in the south west interconnected system was provided by renewables. That is why on 1 October we will have the new market starting, we will go from a 30-minute settlement to five-minute settlement, which will assist in more renewable energy coming into the market. It will make the market more dynamic and flexible. It is an important change that will allow us to integrate lower cost energy into the system.

I want to finish on this: renewable energy is what they call a “zero marginal cost”. The cost is in building the plant, not in operating the plant. That means that the electrons themselves are the lowest cost electricity in the system, so when more of the system uses renewable energy, exactly like we are planning to do here in Western Australia and the likes of which are being done by my friends on the east coast, it means—I will not say that the price of electricity will go down; I am never going to say that—that there is no reason for significant increases in the cost of electricity in the future. That is the only reason we have a queue of companies coming to Western Australia asking to build renewable hydrogen projects. It is because this is already a low-cost industrial energy place, and that industrial energy cost will remain stable over a long period, which means billions of dollars will be invested here. I want to thank Chris Bowen for understanding that. I want to thank Chris Bowen for the good work that we have been able to do together. We have delivered \$3 billion of federal government investment here in Western Australia.

The SPEAKER: That concludes question time.