

10 August 2023

Hon. Tom Koutsantonis MP  
Minister for Infrastructure and Transport  
Minister for Energy and Mining  
Lodged by email to: [DEMEnergytransition@sa.gov.au](mailto:DEMEnergytransition@sa.gov.au)

Dear Minister,

### **Response to South Australia's *Green Paper on the Energy Transition***

The Clean Energy Investor Group (CEIG) welcomes the opportunity to provide feedback on the South Australian (SA) Department of Energy and Mining's *Green Paper on the energy transition* (Green Paper) published on 29 June 2023.

CEIG represents domestic and global renewable energy developers and investors, with more than 16GW of installed renewable energy capacity across more than 76 power stations and a combined portfolio value of around \$38 billion. CEIG members' project pipeline is estimated to be more than 46GW across Australia. CEIG strongly advocates for an efficient transition to a clean energy system from the perspective of the stakeholders who will provide the low-cost capital needed to achieve it.

#### **Key Points**

- CEIG supports the SA Government taking a considered response to the climate emergency and the emission reduction goal whilst framing the opportunities within the view of an economic transformation.
- CEIG encourages the government to support clean long-term duration storage rather than relying on CCS that could then enable new gas plants.
- CEIG would like to see continued leadership from the government on energy policy, including alignment with achieving a 1.5 degree climate outcome.
- CEIG strongly supports the SA Government's close alignment with AEMO's Hydrogen Superpower scenario including its aspirations to export renewable energy.
- CEIG would welcome the establishment of an Energy Transition Taskforce responsible for managing the transition to a net-zero emissions future and the

development of an Energy Transition Roadmap, an Emissions Reduction Strategy and an Entry and Exit Strategy.

- Those documents should consider the necessary coordination between government, industry and communities on the transition away from fossil fuels and the roll out of renewables.

### **General Comments**

CEIG commends the SA Government on its progress to transition the State's energy system to renewable energy and on its forward thinking through the release of the Green Paper.

CEIG supports the SA Government taking a considered response to the climate emergency and the emission reduction goal whilst framing the opportunities within the view of an economic transformation.

### **CEIG's vision for South Australia's energy transition**

As part of SA's energy transition, CEIG would like to see continued leadership from the government on energy policy, including alignment with achieving a 1.5 degree climate outcome.

As highlighted in the Green Paper, SA has abundant renewable energy resources, and its key opportunity is unlocking these resources to both decarbonise its existing energy system and support the growth of renewable export opportunities.

As such, the SA Government is presented with an opportunity to increase its ambition through setting ambitious renewable energy targets and developing supporting policy frameworks to achieve the targets. Doing so will improve the attractiveness of the State to private investors.

CEIG's submission<sup>1</sup> to the *Hydrogen and Renewable Energy Act (Draft Bill)* raised concerns around the proposed implementation of new licensing steps, fees and uncertainty which could reduce SA's attractiveness compared with other jurisdictions and slow down investment. CEIG looks forward to engaging on the SA Government's updated *Draft Bill*.

In our *Decarbonising Australia - Accelerating our energy transition with a credible 1.5 degree scenario* Report<sup>2</sup>, commissioned from Baringa, we highlight that a 1.5 degree aligned energy system requires electricity demand to increase significantly through the electrification of the broader economy.

As such, CEIG supports the SA Government exploring technologies to electrify industry

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<sup>1</sup> [CEIG submission: Hydrogen and Renewable Energy Bill Draft Act](#)

<sup>2</sup> [CEIG 2023: Decarbonising Australia - Accelerating our energy transition with a credible 1.5 degree scenario Report](#)

and the adoption of renewable hydrogen to displace fossil fuels. This may include the support of emerging technologies or setting long-term policies with the aim of providing certainty to private renewable energy investors through the reduction of transition risks.

### **CEIG encourages the SA Government to support clean long-term duration storage rather than relying on CCS that could then enable new gas plants**

CEIG does not support the exploration or development of new natural gas, including with carbon capture and storage (CCS). Supporting the exploration and development of new fossil fuel resources or CCS technologies sends mixed signals to the market in terms of the ambition of the State's energy and climate objectives. This presents a risk to private investors in terms of regulatory risk, perception and public sentiment and the achievement of emission reduction targets<sup>3,4</sup>.

Despite significant government subsidies, CCS has not been proven to be commercially successful or reliable at scale. The government should avoid CCS becoming a mechanism to retain emission-intensive assets for the long-term in the National Energy Market (NEM).

Instead, the government should focus its support on clean technologies that can provide long-term duration storage - a recent NSW auction has demonstrated that an 8-hour battery storage asset can be a viable option - rather than supporting CCS.

The modelling in our *Decarbonising Australia - Accelerating our energy transition with a credible 1.5 degree scenario* Report<sup>5</sup> shows that Australia can achieve a 1.5 degree aligned NEM with existing technology and highlights a credible path and the coordinated efforts needed across the NEM to do so.

### **CEIG supports the SA Government's close alignment with AEMO's Hydrogen Superpower Scenario**

CEIG welcomes the SA Government's focus on ensuring the next phase of the energy transition is orderly, delivers social and economic benefits to South Australians and maximises the State's potential as a world-leading renewable energy economy.

Furthermore, CEIG strongly supports the SA Government's close alignment with AEMO's Hydrogen Superpower scenario including its aspirations to export renewable energy.

CEIG is a strong advocate for a 1.5 degree aligned energy transition and recognises that AEMO's current Step Change scenario is not aligned with a 1.5 degree outcome. As the environmental objective is implemented into the National Energy Objective, energy market bodies need to converge market reforms towards 1.5 degree alignment.

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<sup>3</sup> [RenewEconomy: Australia's fossil fuel methane emissions are nearly twice as bad as industry reports](#)

<sup>4</sup> [WWF-Australia: Energising the Economy with Renewable Hydrogen - Hydrogen Position Paper](#)

<sup>5</sup> [CEIG 2023: Decarbonising Australia - Accelerating our energy transition with a credible 1.5 degree scenario Report](#)

Finally, CEIG would welcome the establishment of an Energy Transition Taskforce responsible for managing the transition to a net-zero emissions future and the development of an Energy Transition Roadmap, an Emissions Reduction Strategy and an Entry and Exit Strategy.

Beyond alignment with achieving a 1.5 degree outcome, CEIG would also like those documents to consider the necessary coordination between government, industry and communities on the transition away from fossil fuels and the roll out of renewables.

CEIG thanks the SA Department for Energy and Mining for the opportunity to provide feedback on its Green Paper and looks forward to continued engagement on those issues. You can contact Ms Marilyne Crestias if you would like to discuss any elements of this submission further.

Yours sincerely,



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