

News Release

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Premier Mike Rann

Minister for Economic Development
Minister for Social Inclusion
Minister for the Arts
Minister for Sustainability and Climate Change

Thursday, 7 October 2010

SA WIND POWER DRIVING ELECTRICITY PRICES DOWN

The Rann Government's push to encourage renewable energy investment is driving electricity prices down.

Premier Mike Rann said a study by the University of New South Wales shows that the volume of wind-power in South Australia has led to wholesale electricity prices dropping by as much as 75 per cent on high wind days.

"The study concluded that, in summer, the daily price peaked at an average of \$100 per megawatt hour at 4pm on low wind days, but on high wind days, it dropped to \$25 per megawatt hour," Mr Rann said.

"This is great news, and shows that our government's push to make South Australia the best place to invest in renewable energy is paying dividends.

"When we came to office 8 years ago, there wasn't a single working wind turbine anywhere in the state – we're now home to nearly half of the nation's windpower, or almost 1,000 megawatts.

"If South Australia were a nation - it would rank second in the world behind only Denmark in the amount of wind energy as a proportion of its total electricity generation.

"We're also leading the nation in geothermal investment and we've been a pioneer in solar as well.

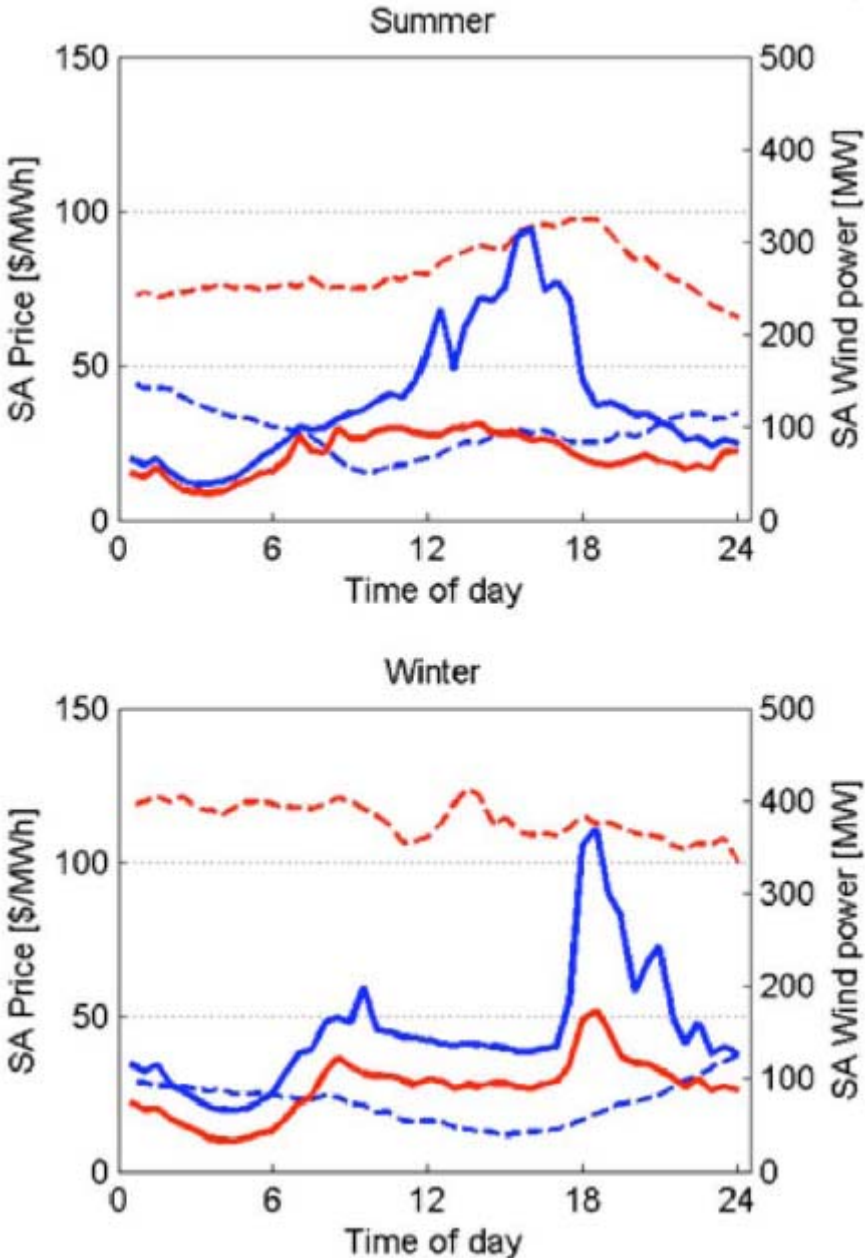
"It's that sort of investment climate that has seen South Australia become a renewables leader, and that leadership is having a direct impact on South Australians.

"Historically, South Australia has had relatively high power prices, but a separate study, from the national energy modelling company ROAM Consulting, has concluded that South Australia's wholesale electricity prices will rise relatively less than prices in other states on the National Electricity Market.

"Our commitment to renewables means that our historic price disadvantage is set to be reversed, and the state will have a formidable economic advantage in the form of lower cost, clean power."

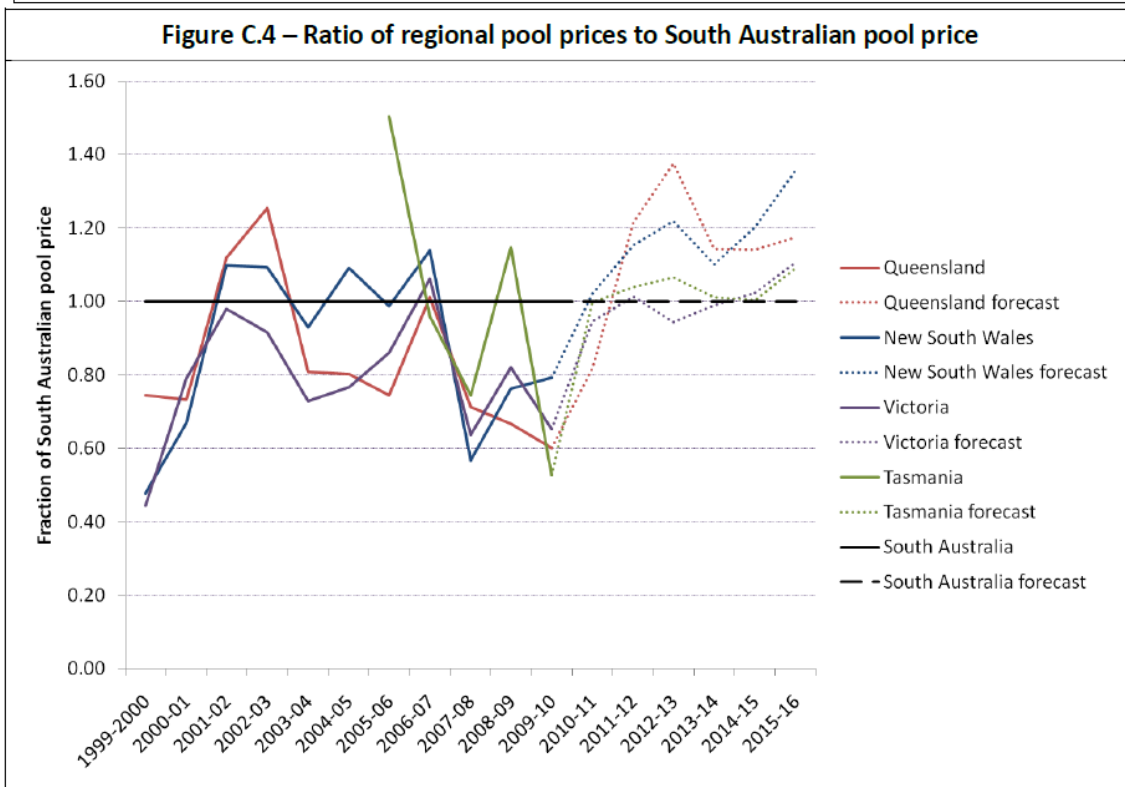
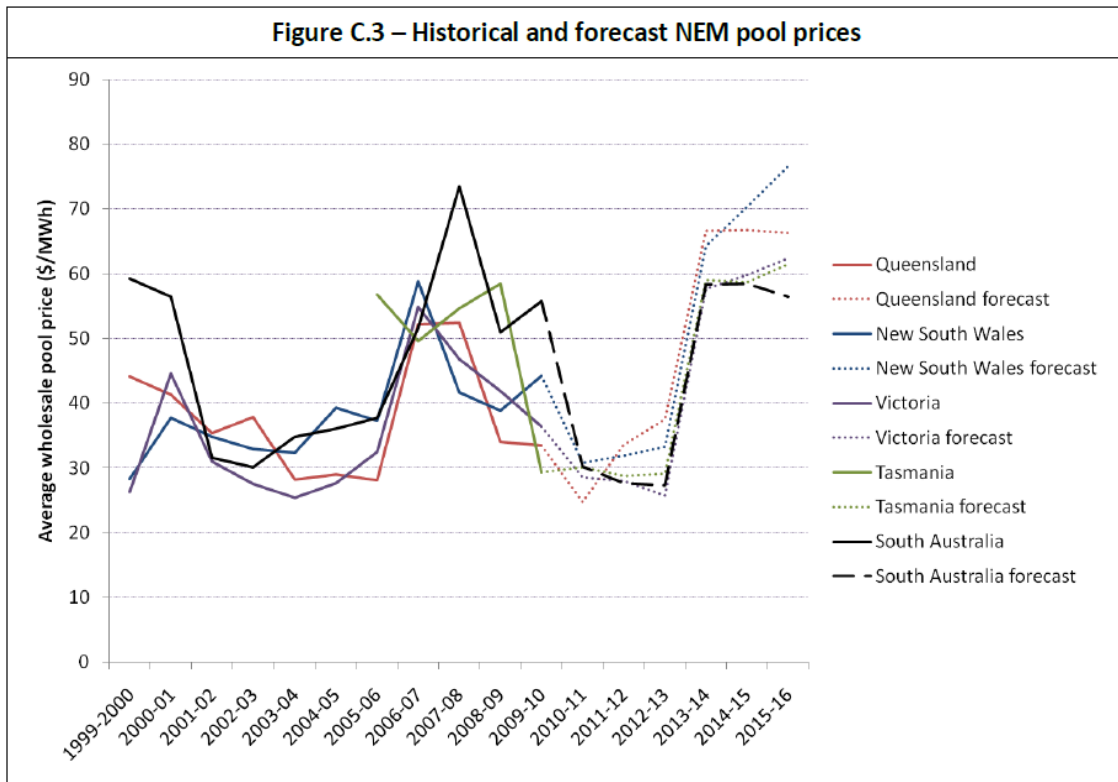
See attachments ...

Wind Generation and Prices Effects



Source: UNSW Centre for Energy and Environmental Markets, 2009, *The Integration of Wind Generation within the South Australian Region of the Australian National Electricity Market*

Actual and Forecast Wholesale Prices in the NEM



Source: ROAM Consulting, 2010, *Solar Power Station Marginal Loss Factors*