

Wind Energy News



How can wind farms reduce the cost of electricity?

There is a lot of media hype about the rising cost of electricity, and it's very likely you have felt the impact of rising energy costs over the past couple of years. It has been demonstrated in other markets that the development of wind and other renewable energy projects will reduce the cost of electricity for the consumer, and I would like to explain why this is the case.

Approximately one quarter of your electricity bill is made up of electricity generation costs, or 'wholesale electricity price'. This price has been rising in recent years, due to the rising cost of producing power from gas and from the closure of several old coal power plants in South Australia and Victoria. Australia has not had adequate federal energy policies, so we've not seen new generation established to compete with gas-fired power stations which sets the price and keeps the price of electricity high. The lack of policy certainty has impacted investor confidence so there has not been enough investment in new power generation over the last decade and the lack of foresight has caused increased strain across the entire electricity network. With less electricity supply in the market after the closure of the coal plants, and based on simple supply and demand economics, prices have increased accordingly. (<https://www.cleanenergycouncil.org.au/advocacy-initiatives/electricity-prices>).

Those who do not support renewable energy will assert that renewable energy is more expensive than energy derived from coal or gas. However, this is simply not the case.

Wind energy generation is now commercially competitive with coal and gas without subsidies.

The cost of wind generation has fallen dramatically in the past decade due to improved technology and is expected to continue to do so. Technological improvements are also increasing the energy yield, allowing for larger wind turbines that can produce more electricity per turbine at lower costs. This is the key reason why you won't see the large energy companies investing in new coal-fired power stations. It simply is not commercially viable, and it no longer makes sense.

A 2018 study by the Victoria Energy Policy Centre found that renewable generators have been able to sell electricity on the wholesale market very cheaply, because the ongoing cost of producing electricity from wind and solar is effectively zero. These more cost effective offers from renewable generators on the wholesale market displace more expensive offers from gas generators, therefore reducing prices for the entire market (<https://www.vepc.org.au/reports>).

The Australian Energy Market Operator (AEMO) also projected that it will be cheaper to replace ageing coal generators with renewables and storage, rather than new coal or gas fired plants (AEMO, 2017 Statement of Opportunities).

Renewable energy is not just good for the environment, it's also good for consumers!

If you would like to find out more detailed information on how wind energy will drive down your electricity costs while providing a cleaner source of energy for Australia, visit the Victoria Energy Policy Centre to read their independent report: 'Does renewable electricity generation reduce electricity prices?'

www.vepc.org.au.

