



Energy Transition News | End of Year 2024

What a great year but still big challenges ahead! Best wishes for the new year from Nexa Advisory



It is that time of the year again. It has been a busy year and we are all racing towards the finish line – for most, the effective close date for the year is tomorrow (I acknowledge that many have roles that have to keep the lights on, but hopefully for everyone the next few weeks will be a quieter time).

For the energy industry and all those that contribute to it, including policymakers and regulators, 2024 has been a wild ride! A considerable amount has been achieved by all. At Nexa, we might even be so bold as to suggest that it feels like there has been some real traction on the clean energy transition.

So let us briefly take stock of 2024 at a high level and also highlight some of the challenges before us in 2025.

In 2024, we've seen a shift in federal and state policies and developments. This has led to unprecedented growth (18% between Q4 2023 to Q3 2024) in large-scale solar and wind generation. These

facilities now account for 34 per cent of Australia's generation, contributing to record periods of instantaneous penetration above 74%.

On top of all of that, Australians are showing they want the clean energy transition and 'voting with their rooftops'! We continue to lead the world in rooftop solar, more than one-third of homes nationwide now has solar panels.

This year we have also really seen the future, with innovations in energy storage, grid management, and energy efficiency now deployable at scale.

So, that means our dependence on coal is now clearly in decline. Thank goodness, as once again we have seen the unreliability of our ageing, expensive and dirty coal-fired power stations – they do not make good Band Aids.

All these successes are unqualified good news. In 2025, and beyond, though, we still have huge challenges to face.

Bottom line, we need a lot more large-scale renewable generation and storage, built and connected in time, to ensure reliable power supplies. However, the transmission infrastructure build-out continues to be the real missing link in the transition. Our modelling shows that delays to these build outs are directly (and indirectly) costing families and businesses.

So what must be done in 2025?

- We must ensure transmission is built on time. Transmission companies (currently the regulated monopolies) need to be held accountable and should face meaningful penalties if projects are not delivered on time.
- Investors need certainty. This requires baked-in coal closure dates, removal of planning and approvals red tape for projects, and clear governance and bipartisan policy with enduring investment signals. We do not want the same debate every three-year election cycle (more on that below).
- Regulatory 'tinkering' has been a mainstay over recent years. We urgently need future-focused reforms of the National Electricity Market, with clear transparency and accountability of our market and regulatory bodies.

- We must have incentive schemes, tariffs, and packages designed to accelerate the adoption of rooftop solar and batteries by both families and businesses.

None of this is easy. And the cold hard reality for politicians is that there is not a way to do this where everyone wins.

Yes, we do need to get better at taking people on this journey, including those that are directly impacted by some of the infrastructure, and we must support the vulnerable through this change.

To that point, there will be a Federal Election in 2025. In their bid to differentiate themselves to voters, all parties must keep sight of the fact that the energy transition challenges are made greater by the lack of bipartisan agreement on Australia's energy policy and strategic direction. Party politics must not lead to knee-jerk changes in energy policy.

That said, I'm looking forward to what's in store for 2025. We've got our work cut out to get coal out of our energy system and remove the blockages slowing down renewable energy generation, storage and new transmission, but I love the challenge of making the impossible possible, so bring it on!

I hope you and your family enjoy a safe and rejuvenating end-of-year break. See you in 2025!

Stephanie and the team at Nexa Advisory

