

# Threatened power supply paints dim future for state

• State Editor Greg Kelton: Advertiser - April 13, 2011 12:00AM

## **SOUTH Australia faces a power supply crisis in the next decade and blackouts could shut down the state.**

At the centre of the crisis is the almost certain closure of the Northern Power Station at Port Augusta, which provides 40 per cent of SA's baseload electricity, coupled with the lack of major new baseload generators.

The station will be forced to close - some experts predict as early as 2015 - either through a carbon tax or because its supplies of low-grade coal from Leigh Creek are running out.

Its operator, Alinta, is due to meet Energy Minister Michael O'Brien today to discuss future options.

Alinta chief executive Jeff Dimery said he would be happy to discuss the issue after meeting Mr O'Brien.

Local MP Dan van Holst Pellekaan said the Northern Power Station faced "a very serious predicament" and up to 500 jobs could be at risk.

"It may take a decade to solve this problem," he said.

His comments were supported by independent Senator Nick Xenophon, who said that unless there were alternative sources of power, "we will face a situation similar to that of California (in 2002-01) where it was wracked by brownouts, blackouts and industry was really hit for six".

Power experts say the main options to renew the state's generation capacity are:

**EXPAND** the interconnector between SA and Victoria for \$35 million or build one from NSW or Victoria, for up to \$3.5 billion.

**CONVERT** the Northern Power Station to natural gas; but this would involve increasing the size of the existing SEA Gas pipeline from Victoria, because of the current drain on natural gas from the Cooper Basin, and need a huge investment of capital from the station's owners.

**MORE** wind energy or power generated by hot rocks in the Outback. But wind energy is too unpredictable and the hot rocks technology is still many years away from being introduced.

"The obvious answer is a nuclear power station but it is never going to happen," a power industry source told *The Advertiser*.

"There are plenty of little peak-power generators being built but there are no plans to build a new baseload power station, because it is so much cheaper to build the little peakers."

Population experts say that with the state's population continuing to grow, there will be added pressure on the state's power supply.

An Australian Energy Market Operator report predicts an increase from 15,000 gigawatt hours in 2010-11 to 16,265 GWh in 2019-20, at an average projected growth of 0.9 per cent a year over the next decade.

Another looming problem is how to provide power to the \$20 billion expansion at Olympic Dam.

The current mine operations already draw 125MW of electricity from the system - about 10 per cent of the state's baseload.

The proposed expansion would require an additional 650MW - almost 50 per cent of the state's daily demand. It has already been admitted no solar or wind energy supply could meet those needs, meaning a new baseload station will have to be built in SA.

Electricity industry analyst Danny Price said on ABC TV that SA faces more challenges than any other state to keep up with generating capacity.

He believes the Northern Power Station could be forced to close by 2015 due to the introduction of a carbon tax.

He also believes its value has been slashed from \$464 million to around \$72 million.

Economic expert Professor John Spoehr said Port Augusta's "days are done" and the only future for the power station is to transform it into something entirely new.

"Job losses in the area are all but inevitable," he said