



GEOHERMAL ENERGY: AN IMPORTANT PART AUSTRALIA'S ENERGY FUTURE

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As the global focus for geothermal energy centres on Melbourne this week at the 2008 Australian Geothermal Energy Conference, The Australian Geothermal Energy Association (AGEA) released the report it commissioned from economic modelling firm McLennan Magasanik Associates (MMA). The report estimates the future electricity generation capacity of geothermal energy in 2020 and the price. In launching the report at the Conference, AGEA Chairman Gerry Grove White said that "it shows that geothermal energy will be an increasingly important part of Australia's future energy supply mix."

Mr Grove White revealed the key findings of the report which include:

- The Australian Geothermal Energy Industry can be expected to provide up to 2200 MW of base-load capacity by 2020 into the National Electricity Market based on current government policy settings;
- That capacity potentially represents up to 40% of the Federal Government's 2020 Renewable Energy Target (RET) of 45,000 GWhs - the equivalent of the output of around 6000 MW of wind farms;
- An estimated \$12b would be invested to develop 2,200 MW of installed capacity;
- The cost of generating electricity from geothermal resources is expected to move rapidly down the cost curve through the pilot, demonstration and commercialisation stages to reach economies of scale by 2020 at the following costs:
 1. From \$90 to \$135 per MWh from small scale demonstration plants (10 MW to 50 MW);
 2. From around \$80/MWh to \$110MWh for large scale plants (300 MW or greater) by 2020; and
 3. The upper cost boundary will decline over time because the level of uncertainty is expected to narrow as the industry grows.
- This cost is expected to be lowest cost of any form of renewable energy; and
- Most of the capacity is expected to come from developments in SA with other states increasing their contribution toward the end of the 2020 period.

"This reports highlights that the Australian geothermal energy industry has a potentially significant contribution to solving Australia's long term climate change challenges" Mr Grove White said in Melbourne today.

"AGEA is now planning to undertake further work on the benefits of accelerating the development of geothermal energy and the associated economic, social and environmental impacts and export potential which will be undertaken in consultation with key government policy reform processes. Mr Grove White warned the Conference that "getting the design features of these policy measures is crucial if the overall objective of government policy is to reach future emissions targets at low cost by accelerating the growth of Australia's emerging renewable energy technologies.

"These technologies must be bought into the market sooner as the deep cuts in emissions cannot be achieved without their accelerated deployment given future demand predictions from the energy sector" Mr Grove White said.

The full report will be available at www.agea.org.au and for further information contact Susan Jeanes on 0419833556.