

Notice of decision

Section 2.22 and clause 20 of Schedule 1 of the *Environmental Planning and Assessment Act 1979*

Application type	State significant infrastructure
Application number and project name	SSI-12590060 Hunter Power Project (Kurri Kurri Power Station)
Applicant	Snowy Hydro Limited
Consent Authority	Minister for Planning and Public Spaces

Decision

Under section 5.19 of the *Environmental Planning and Assessment Act 1979 (the Act)*, the Minister for Planning and Public Spaces has approved the critical State significant infrastructure (CSSI) application for the Hunter Power Project (Kurri Kurri Power Station) (the project) subject to conditions.

The Hunter Power Project (Kurri Kurri Power Station) involves the construction and operation of:

- a gas-fired power station, consisting of 2 open cycle gas turbines with a nominal output capacity of up to 750 megawatts (MW), capable of operating on natural gas or diesel fuel as a backup;
- other associated ancillary infrastructure, including a new electrical switchyard, substation infrastructure, and transmission line augmentation to connect into the National Electricity Market (NEM); and
- decommissioning of the gas-fired power station and site rehabilitation at the end of project's operating life.

A copy of the Department of Planning, Industry and Environment (the Department)'s Assessment Report and the infrastructure approval and conditions is available [here](#).

Date of decision

17 December 2021

Reasons for decision

The following matters were taken into consideration in making this decision:

- the relevant matters required under the Act, including the objects of the Act;
- relevant Commonwealth and NSW legislation, policies and guidelines;
- all information submitted to the Department during the assessment of the application;
- the findings and recommendations in the Department's assessment report; and
- the views of the community about the project (see **Attachment 1**).

The findings and recommendations set out in the Department's Assessment Report were accepted and adopted as the reasons for making this decision.

The key reasons for approving the application are as follows:

- the project would strengthen energy security in NSW, as it would:
 - contribute to closing the previously forecast reliability gap in 2023-2024 following the retirement of Liddell Power Station;
 - mitigate electricity supply scarcity for the Hunter, Sydney and Wollongong regions associated with the retirement of Vales Point Power Station in 2029;
 - mitigate reliability risks associated with the potential early exit of coal-fired power stations ahead of planned closure timeframes;
 - provide an ongoing source of synchronous energy to contribute to system security; and
 - contribute to avoiding electricity price increases following the closure of Liddell Power Station for the scenario described in the Report of the Liddell Taskforce
- the project would contribute to the net reduction of greenhouse gas emissions in the energy sector by providing ongoing firming of intermittent renewables.

- the Project would deliver economic benefits to the Hunter Region and NSW as a whole by generating \$610 million of capital investment, creating up to 250 construction jobs at the peak of construction and up to 10 operational jobs for the life of the Project.
- the project has been designed to minimise impacts on the environment and surrounding land uses and adequately addressed the issues raised in submissions and government agency advice; particularly in regard to air quality
- the Department has recommended a comprehensive and precautionary suite of conditions to ensure that the project complies with contemporary criteria and standards, and that residual impacts are effectively minimised, managed, offset and/or compensated for. The conditions were developed in consultation with government agencies.
- the benefits of the project outweigh any residual impacts associated with the construction and operation of the project
- weighing all relevant considerations, the project is in the public interest.

Attachment 1 – Consideration of Community Views

The Department exhibited the application and the Environmental Impact Statement (EIS) for the project from 13 May to 9 June 2021. The Department received 247 public submissions during exhibition of the EIS, 26 from special interest groups and 221 from individuals. 241 of the public submissions objected to the project. The key issues raised in public submissions related to greenhouse gas and climate change impacts and justification for the project to provide energy security compared to other renewable energy options, and local and regional air quality impacts. A summary of how the key issues raised by the community were taken into consideration is provided in the below table.

<i>Issue</i>	<i>Consideration</i>
The project would result in greenhouse gas emissions and contribute to climate change	<ul style="list-style-type: none"> • The project would provide firming supply and synchronous generation which is increasingly important in the transition to a low carbon emissions energy sector and as coal fired power stations are retired. The Department considers the project would play an important role in this transition by facilitating additional intermittent renewable energy supply into the NEM. • As a peaking power station firming intermittent renewables, the project would only operate when it is needed to maintain reliability in the NEM and provide firming capacity. Supply would otherwise be provided by other generation, which is increasingly from renewables. • No new coal fired power stations are proposed in New South Wales. The future exit of Liddell Power Station and the replacement of its capacity by the project and other new generation (which is increasingly from renewables) represents a net reduction of emissions in the energy sector which will continue as other coal-fired power stations are retired. • Nonetheless, the conditions include a requirement to prepare and implement a Net Zero Power Generation Plan to progressively investigate and implement measures to reduce greenhouse gas emissions over time.
The project is not needed for energy security in the National Energy Market and the project would increase electricity prices	<p>The Department considers the project would:</p> <ul style="list-style-type: none"> • contribute to closing the previously forecast reliability gap in 2023-2024 following the retirement of Liddell Power Station identified by the Australian Energy Market Operator (AEMO). • Mitigate electricity supply scarcity for the Hunter, Sydney and Wollongong regions associated with the retirement of Vales Point Power Station in 2029. • Mitigate reliability risks associated with the potential early exit of coal-fired power stations ahead of planned closure timeframes. • Provide an ongoing source of synchronous energy to contribute to system security. • Contribute to avoiding electricity price increases following the closure of Liddell Power Station for the scenario described in the Report of the Liddell Taskforce.
New renewable energy projects are a preferred alternative to the project	<ul style="list-style-type: none"> • Given the objective of the project to provide dispatchable generation, potential alternatives to the project primarily include pumped hydro and battery storage, as noted in community submissions. Solar and wind, while being increasingly viable generations sources from a commercial perspective and important contributors to the NEM moving forward, do not provide dispatchable generation and are therefore not feasible alternatives.
Concern regarding the funding of the project by the Commonwealth Government	<ul style="list-style-type: none"> • The Department is required to consider the merits of the project in accordance with the relevant Commonwealth and NSW legislation, policy and guidelines. The Department considers that the justification for the Commonwealth funding arrangements are not within the scope of its assessment