

Geothermal powers ahead of gas

Big breakthrough for renewable generation as sector makes progress toward 2025 target.

Does New Zealand possess the essential assets to attempt its Energy challenge?



Renewable generation has grown from 65 per cent in 2008 to 79 per cent in the year to June with the target of 90 per cent renewable generation by 2025.

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by Jamie Morton

The New Zealand Herald

Geothermal has piped gas generation for the first time as more plants come on stream.

The 12-month milestone has been welcomed by Energy Minister Simon Bridges who said this showed there was good progress being made towards the target of 90 per cent renewable generation by 2025.

5 Bridges said that the percentage of renewable generation had grown from 65 per cent in 2008 to 79 per cent in the year to June.

"I'm very excited about geothermal. It's the single area where New Zealand has most expertise in the world and I have the view that companies with some help from government should be doing more to leverage [that]," he said.

10 Relatively flat wholesale prices meant generators, including Mighty River, were pulling back on using expensive gas for generation.

Whineray said the company had already mothballed* part of its fast start Southdown gas plant with capacity down from 175MW to 140MW.

15 Contact Energy, the other big geothermal generator, had also scaled back its gas generation and its baseload plant at Otahuhu remained under review.

"The market inclination is to go somewhere cheaper," Chief executive Dennis Barnes said.

20 The final part of Contact's geothermal development had come on stream in the past year and meant big savings on gas. "I used to have a gas bill that was \$300 million to \$400 million - next year I'll have a gas bill that is \$100 million. I've replaced that with internally produced geothermal. It's the culmination of a natural efficient market responding," Barnes said.

Geothermal stations had a lead time of up to six years - two years to consent, a year to get the money and two to three years to build.

"Geothermal is the only true baseload renewable energy so a country not capitalising on it would be mad."

25 Mighty River is enthusiastic about using electricity to help power the country's 2.8 million strong vehicle fleet and the growing contribution of geothermal was key. "What it means is energy independence for the country so we're not reliant on imports. We've got enough consented renewable electricity projects to power every car its average distance and that's unique globally," Whineray said.

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*Mothballed = mise en sommeil

Generation mix 2014

12 months to November:

- Hydro 59.6%
- Geothermal 16.3%
- Gas 15.8%
- Wind 4.6%
- Coal 3.0%
- Wood 0.7%.