

**(Second) Open Letter to Prime Minister Scott Morrison and Premier Gladys Berejiklian
17 September 2020**

The Hon Scott Morrison MP
Prime Minister

The Hon Gladys Berejiklian MP
Premier of NSW

Adverse revelations continue – Snowy 2.0 folly demands urgent review

Dear Prime Minister Morrison and Premier Berejiklian,

Even more revelations have emerged since our previous correspondence, of 24 March 2020 ([Open Letter to the Prime Minister and NSW Premier, 24 March 2020](#)), that identified many overstated and false claims for the Snowy 2.0 pumped hydro project and urged a comprehensive review. It is now even more clear that there are numerous alternatives that are lower cost, more efficient, quicker to construct, and incur less emissions and environmental impacts.

Regrettably, no review was undertaken, and the Snowy 2.0 Main Works phase has been approved. Yet substantial new evidence continues to emerge that further refutes the core claims of the project.

Recent information confirms that the Snowy 2.0 Business Case, issued nearly two years ago by Snowy Hydro, was based on grossly inflated revenues and understated costs. Put simply, the Commonwealth Government was presented with a profoundly flawed justification.

On the revenue side, the output of Snowy 2.0 from 2025 to 2042 is now forecast to be less than half the Business Case estimate, according to the Australian Energy Market Operator ([AEMO 2020 ISP, July 2020, Snowy Hydro Modelling S05, Dec 2018](#)). AEMO forecast Snowy 2.0 to be largely idle before 2033, as the existing 1,800 MW Tumut 3 pumped hydro station can provide most of the forecast output from both stations until then. Also, AEMO forecast Snowy 2.0 would never attain the maximum annual output estimate in the Business Case. Not only has output been overestimated by 100%, Snowy 2.0 is not urgent, nor critical for the transition to renewable energy, nor 'renewable'.

On the cost side, the Business Case estimate of \$3.8 - \$4.5 billion is understated, also by around 100%. It has been disclosed that the estimate does not include all project costs, and has already been exceeded by a \$5.1 billion contract for just a portion of the works. Once all costs are added, including the associated transmission lines, we predict the total to be in the vicinity of \$10 billion.

It is now clear that Snowy 2.0 could never pay for itself. Analysis by the Victoria Energy Policy Centre ([VEPC Article, Aug 2020](#)) finds that even Snowy Hydro's inflated revenue projection will only cover a quarter of the capital cost. The latest AEMO forecast means the gap between revenue and cost is even wider. The owners of Snowy Hydro (i.e. all Australians) will be liable for \$billions in losses, in addition to the \$1.4 billion already allocated from Treasury.

Further, the cost trajectory for pumped hydro is rapidly trending in the opposite direction to other energy storage technologies. AEMO recently revised its modelling costs, increasing pumped hydro costs by 50% and decreasing battery costs by 30-40%, with a further 50% decrease in battery costs by the end of this decade. Battery costs are plummeting and are likely to continue to do so into the 2030's, crowding out pumped hydro.

This emerging un-competitiveness of pumped hydro is evidenced by last month's shelving of the

Shoalhaven pumped hydro extension, after a 2-year assessment concluded it was ‘not commercially feasible’. It is telling that only one other pumped hydro project has been committed this century. In contrast, battery projects are being announced almost weekly, of ever-larger capacities, as are major advances with demand management, virtual power plants, hydrogen etc. The contribution of distributed energy will continue to grow, consolidating the need for smaller, co-located storage, rather than large-scale storage, hundreds of kilometres from load centres.

The financial and technical flaws of Snowy 2.0 are reason enough to halt the project. An equally compelling reason is the now revealed magnitude of damage to Kosciuszko National Park. The bulldozed moonscape scar along 5 km of the Yarrangobilly River at the Lobs Hole construction site is already visible on satellite images. Much more is to be destroyed across 35 km of the Park. Most of the 20 million tonnes of excavated spoil is now to be dumped on Park rather than in the reservoirs. No amount of engineered restoration can replace the loss of pristine alpine landscape and wildlife habitat in this internationally renowned National Park.

Your governments have conceded the inevitability of pest fish and pathogens being transferred from Talbingo Reservoir to Tantangara Reservoir and thence throughout the Snowy Mountains and downstream rivers (Murrumbidgee, Murray, Snowy, Tumut). Native fish and recreational fishing will be devastated. A critically endangered species (Stocky Galaxias) will become extinct. It is now evident that the NSW Government has no option but to grant exemptions to its own biosecurity protections to ‘legitimise’ the spreading of declared noxious pests, throughout a National Park no less, and beyond – this will be unprecedented.

It has been reported that \$1 billion has been spent on the project, even though environmental approval was granted only two months ago and the transmission line EIS has yet to be exhibited. It is well time to cut the losses - there is still \$9 billion or more to be saved on behalf of Australian taxpayers and electricity consumers.

We again urge your Governments to undertake an independent expert review of Snowy 2.0.

Recent information confirms that Snowy 2.0 is not critical, not viable, uncompetitive, wasteful, and will devastate vast areas of Kosciuszko National Park. There are far better alternatives.

Yours sincerely,

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