



NEW ZEALAND
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Energy security: Australia - South East Asia SunCable

MARKET INTELLIGENCE REPORT

Summary

- The much debated renewable energy project SunCable has now received the Australian government approvals required to begin work on its 12,000 hectare solar farm in Northern Territory Australia. The project will test what is possible technically, commercially, and diplomatically. While these approvals represent a significant milestone, SunCable will need to attract the capital and address jurisdictional challenges of getting its 4,300km cable through Indonesian waters to Singapore. If the project succeeds, it is expected to generate up to 6GW of renewable energy – 2GW of which will travel by undersea cable to Singapore. From Singapore's perspective, the project fits well with its plans to import renewable energy to meet decarbonisation targets. For Australia, it is an example of its ambition to be an energy superpower, exporting clean electricity and products to the world.

Report

Australia took a step forward in its ambitions to be an energy superpower on 21 August, with the Albanese Government granting Federal environmental approvals to the SunCable Australia-Asia Power Link, based in the Northern Territory. The project, including a massive solar farm and subsea cable to Singapore, has now secured approval from both the Northern Territory and Commonwealth governments. Federal Environment and Water Minister Tanya Plibersek said the project will be a “generation defining piece of infrastructure” which “heralds Australia as the world leader in green energy.”

The biggest solar farm in Australia...

The proposed 12,000 hectare solar farm will be the biggest of its kind in Australia and is expected to generate up to 6GW of renewable energy. This month’s approval includes an 800km transmission line from the middle of the Northern Territory to Darwin and the part of the undersea cable that will lie in Australian waters before it enters Indonesia’s jurisdiction. While these approvals mark a milestone for the project, hurdles remain before all dimensions of the project can proceed. Domestically, the project will need to secure offtake agreements with Darwin based industrial customers, some already committed to other long term energy supply agreements. Next steps also include ongoing negotiations with traditional owners over Indigenous land use agreements and working through the possible inclusion of wind to supplement the solar and batteries.

The Northern Territory government is looking to develop a Darwin-based hub for manufacturing and hydrogen production and SunCable could be a viable source of power, though these plans are at a nascent stage. New renewable energy offtake agreements will take time. The Northern Territory grid is not connected to the wider Australian National Electricity Market so excess energy generated by the project would be redundant for Australia’s market.

The Minister said “SunCable estimate the project will deliver more than \$20 billion in economic value to the Northern Territory and support an average of 6,800 direct and indirect jobs for each year of the construction phase, with a peak workforce of 14,300.”

... and the longest cable in the world

The planned link to Singapore would be more than five times bigger than the longest proposed submarine link in the world – the 767km Viking link between the UK and

Denmark – testing engineering capabilities. If successful, it hopes to provide 2GW to Singapore which is 15% of Singapore’s energy needs.



SunCable is still awaiting an answer from Singapore on its application for a licence to export clean energy to the city-state. Singapore has already granted similar smaller scale approvals to bring in hydroelectric power in from Laos as well as proposals that New Zealand company, Morrison Global, are involved in (through Gurin Energy) to build solar farms and a subsea cable to transport power produced on Indonesian islands close to Singapore.

Routing the cable through Indonesia raises other complex challenges for the project. SunCable has had a President Director in Indonesia since 2022 (New Zealander and former Trade Commissioner Tim Anderson) and they have been engaging closely with the political leadership on their plans, including President Joko Widodo. On 23 August, Anderson met with Coordinating Minister for Maritime Affairs and Investment, Luhut Pandjaitan, and was joined by Australian Ambassador to Indonesia Penny Williams. SunCable’s messaging in Indonesia has focused on its investment commitment of US \$2.5 billion in Indonesia, and efforts to strengthen renewable energy supply chains and Indonesia’s own energy transition.

What does it cost?

SunCable said it would make a final investment decision on the A\$30 billion plus project in 2027, financial close due in 2028, and with electricity supply to begin in the early

2030s. The company still needs to obtain critical financing and offtake arrangements. Former SunCable co-owner Andrew Forrest withdrew his support for the power link to Asia, arguing it was not commercially viable.

Not without its critics

The SunCable project has faced a number of challenges. The project looked as though it might collapse after the relationship between its former co-owners, tech billionaire Mike Cannon-Brookes and mining magnate Andrew Forrest, ended last year. The business eventually went into voluntary administration in January 2023, but Cannon-Brookes won control via his investment vehicle, Grok Ventures, which is now a lead investor. Grok is committed to the original vision, including the transmission link to Darwin as well as the subsea cable to Singapore.

A strategic partnership

With a commitment to close all Australian coal power stations by 2038, the Albanese government is looking for more renewable energy projects in Australia. When SunCable went into voluntary administration, the Singapore Government was quick to point out it had not made any commitments to the project – financial or otherwise. While Singapore has been open in its enthusiasm for exploring clean hydrogen options in recent years, solar options like SunCable are being looked at afresh with technology to ship green hydrogen deemed to be still some way away.

Comment

Both Singapore and Australia will want to see the full scope of this project succeed – it would be a major achievement. Singapore needs to find ways to decarbonise even without access to renewables in its own territory. Australia is laying out its roadmap to be a renewable energy superpower. Green economy cooperation has become a core piece of the Singapore – Australia bilateral relationship with the success of the Green Economy Agreement since 2022. International cooperation around its economic security interests is critically important for Singapore, and New Zealand's own workstreams with Singapore on supply chain resilience and food security tick this box.

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