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UK Wind Price Surge Warns Australia on Renewables

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A near 60% hike in UK offshore wind prices signals trouble for Australia's renewable energy push under Energy Minister Chris Bowen's expanded powers, highlighting risks of cost blowouts.

A dramatic 60% surge in offshore wind energy prices in the United Kingdom serves as a stark warning for Australia, particularly as the Albanese government grants Energy Minister Chris Bowen unprecedented authority to accelerate renewable energy investments, according to energy analyst Esther Krakue writing for *The Australian* on August 2, 2025. The UK's Contracts for Difference (CfD) scheme, which guarantees prices for renewable energy, saw maximum strike prices for offshore wind rise from £44 per megawatt-hour (MWh) to £73/MWh and floating offshore wind from £116/MWh to

£176/MWh for the 2024 auction round, as reported by RenewEconomy. This escalation, driven by supply chain disruptions and rising construction costs, underscores the financial risks Australia faces in its renewable energy ambitions.

Krakue argues that the UK's experience reveals the pitfalls of over-relying on renewables without addressing economic realities. Australia's National Electricity Market (NEM) faces similar challenges, with offshore wind projects in regions like New South Wales and Victoria projected to cost \$97.5 billion by 2040, according to a 2023 PwC report. These projects, while promising job creation and cleaner energy, risk inflating consumer power bills if costs spiral, as seen in the UK where developers like Vattenfall shelved projects due to unviable economics. The Australian Energy Market Operator (AEMO) reported a 2% demand increase in 2024, adding pressure to a grid already strained by transitioning from coal to intermittent renewables.

The Albanese government's recent legislative changes, empowering Bowen to fast-track renewable projects, have sparked concerns among industry experts. Krakue, citing the UK's failed 2023 auction where no offshore wind bids were secured, warns that Australia's aggressive targets, such as net zero emissions by 2050, could falter without robust financial oversight. The UK's Department for Energy Security and Net Zero (DESNZ) responded to its crisis by increasing budgets by £1.5 billion for 2024 auctions, a move Krakue suggests Australia may need to emulate to avoid project delays.

As Australia expands offshore wind zones, the UK's cost surge highlights the need for pragmatic policy-making. Without careful management, Bowen's renewable push could burden taxpayers and consumers, echoing the UK's cautionary tale of ambition outpacing affordability.