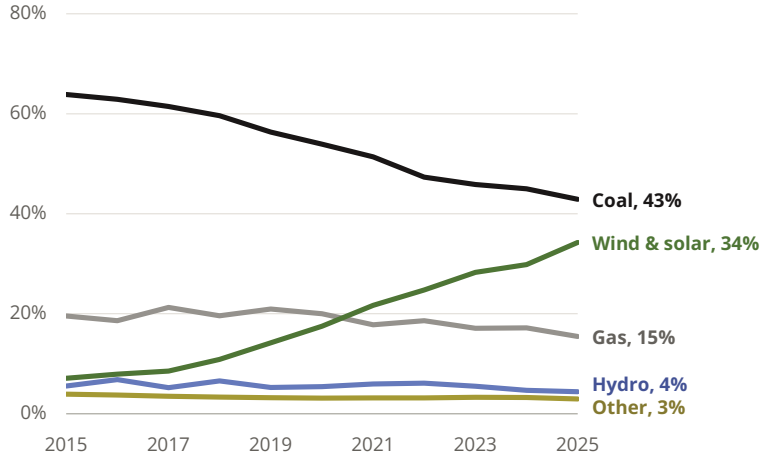
Australia at a glance

Australia is scaling renewables and critical minerals to become a clean energy superpower, but dependence on coal and LNG export revenue creates uncertainty over its dual fossil fuel and clean energy identity.

Key transition conditions: Abundant renewables, critical minerals and Asia-Pacific trade ties, but fossil export revenue, grid and approval delays, and state control of coal timelines slow delivery.

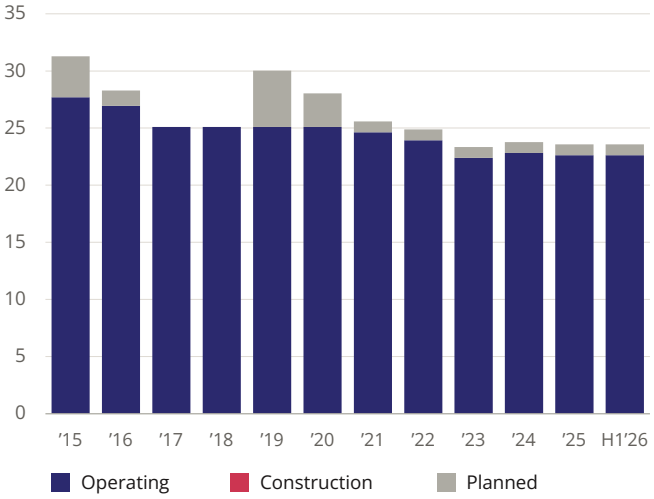
Electricity generation by source

2015–2025

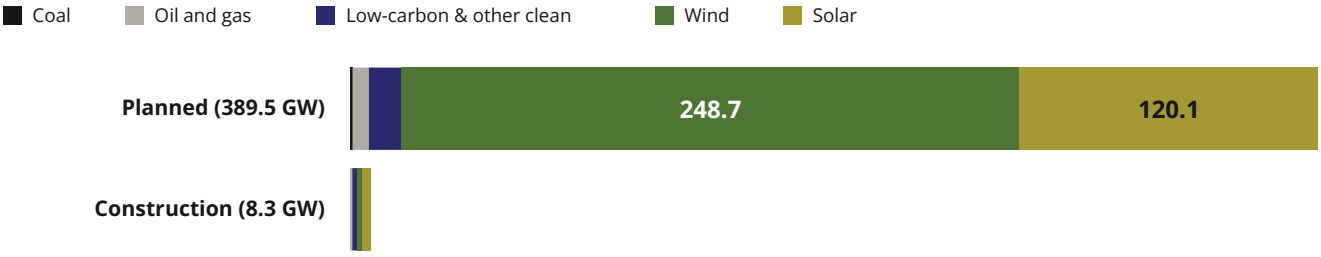


Coal capacity by status

GW, 2015–H1 2026



Capacity under development by source



Coal 0.9, Oil and gas 6.6, Low-carbon & other clean 13.1 GW (planned) · Oil and gas 0.8, Low-carbon & other clean 2.3, Wind 1.6, Solar 3.6 GW (construction)

Power system landscape

Fossil fuels power **61.4%** of electricity, with coal alone at 42.7%, the second highest in the OECD. There is no national coal phase-out date; the last plant is due to retire in 2046. Queensland coal outages rose 83% in H1 2026.

Clean transition trends

Target of **82%** renewable electricity by 2030, but the pace is too slow. Solar supplies 19.7% and wind 13.7%. Less than 1.5% of the pipeline is under construction: 5.1 GW of a prospective 374.2 GW.

Enablers and bottlenecks

The **A$22.7bn** Future Made in Australia package and the OECD's largest solar and wind pipeline offer a base. But projects face connection backlogs and approvals of up to seven years, and fossil fuels still earn about 25% of export income.

Opportunities for international cooperation with *Australia*

- **Transition dialogues with trading partners offer an opening:** clean industries keep exports competitive, and Southeast Asia's clean economy could bring US$10bn a year by 2030.
- **COP31 is a platform to advance the transition away from fossil fuels:** as President of the Negotiations, Australia could reiterate No New Coal and clarify its coal phase-out plan.
- **Clean electrification can build credibility and cut costs:** switching from gas can save A$500–1,900 a year, and EV drivers save around A$1,400.

Sources: *Ember annual electricity data; Global Energy Monitor annual capacity charge data and coal plant tracker data*

E3G

This country profile was produced as part of the report *Powering Across Divides – Clean energy cooperation in a fragmented world*, published November 2026. The full report is available from **https://www.e3g.org/publications/powering-across-divides-clean-energy-cooperation-fragmented-world/**

Australia's profile

Outline and domestic political economy context

Fossil fuels power 61.4% of Australia's electricity mix,[1] **with coal alone at 42.7% – the second highest in the OECD and the 12th largest operating fleet globally**.[2] Gas's share is, however, shrinking, at 16.4% in 2025.[3] Australia has also committed to no new unabated coal-fired power generation in 2021,[4] but has no national coal phase-out date. The last coal plant is due to retire in 2046, though modelling by the Australian Energy Market Operator (AEMO) indicates a 2030s phase-out is technically feasible and aligned with climate goals.[5] Meanwhile, the ageing coal fleet is increasingly unreliable and pushing up power prices for consumers and heavy industry: a spike on 8 July 2026 saw the National Electricity Market prices average above AUD 300/MWh for most of the evening peak,[6] after an old coal plant failure at a moment of high demand triggered six other coal units to rebid upwards. Climate and Energy Minister Chris Bowen acknowledged that coal is no longer a reliable baseload, citing an 83% rise in Queensland coal outages in the first half of 2026[7] against zero renewables-caused outages caused in several consecutive years – underscoring the case for an orderly transition to renewables backed by storage and other reliable capacity, which consistently drive prices down in Australia.[8]

The share of renewables is increasing, though not fast enough to meet the 82% renewables-based electricity target by 2030. Solar and wind currently supply 19.7% and 13.7% of the mix, respectively.[9] Delivering the target requires converting Australia's project pipeline – the largest for solar and wind in the OECD and the third largest globally[10] – into operating capacity, but less than 1.5% is under construction (5.1 GW of a prospective 374.2 GW). Just one in ten investors believes Australia will meet its renewables target.[11]

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[1] Ember, August 2026, **Electricity Data Explorer**
[2] Global Energy Monitor, July 2026, **Global Coal Plant Tracker**
[3] Ember, August 2026, **Electricity Data Explorer**
[4] Argus Media, November 2024, **Cop: Australia backs no new coal power call**
[5] AEMO, June 2024, **2024 Integrated System Plan (ISP)**
[6] Renew Economy, July 2026, **Coal closure plan urgently needed as unreliable clunkers push power prices through roof**
[7] ABC News, August 2026, "**Chris Bowen speaks about Australia's energy future at National Press Club**"
[8] Clean Technica, June 2026, **Electricity Prices Fall Across Australia As Renewables Build Momentum**
[9] Ember, August 2026, **Electricity Data Explorer**
[10] Global Energy Monitor, February 2026, **Global Solar Power Tracker** and **Global Wind Power Tracker**
[11] Renew Economy, July 2026, **"They are losing patience:" Just one in 10 investors believe Australia will meet renewables target**

Australia is a major fossil fuel producer and exporter. It is the world's second-largest LNG exporter behind the US,[12] with 83% of domestic LNG production exported[13] and Australian gas accounting for ~20% of global LNG trade.[14] Amid elevated domestic petrol prices, high inflation and the smallest stockpiles of any IEA member,[15] the federal government has introduced a domestic gas reservation scheme requiring exporters to allocate up to 20% of production to the domestic market from July 2027.[16] Oil and gas producers have meanwhile made record profits since the Iran conflict began, with Woodside Energy – Australia's largest producer – reporting nearly a 30% revenue jump to A$6 billion in Q2 2026.[17] Australia is also the world's second-largest coal exporter behind Indonesia:[18] coal makes up 67% of total energy exports and is mined in nearly every state,[19] with over 80% shipped to China, India, Japan, South Korea, Taiwan and Vietnam.[20] Yet with seven of Australia's top ten trading partners (68% of two-way trade) holding 2050 net zero targets,[21] and fossil fuels generating ~25% of export income, significant revenue is at risk as decarbonisation accelerates; in fact, this makes clean power and green industry expansion the fastest route to keep exports competitive.

Despite being a major fossil fuel exporter, Australia is highly exposed to the volatile international oil market: refined oil products meet 58% of final energy consumption, over 90% of which is imported – largely from Asian refineries themselves dependent on Middle Eastern crude, placing the vulnerability two steps upstream.[22] If Asia-Pacific refiners prioritise domestic supply amid the Strait of Hormuz, Australian imports are jeopardised – as when China, a source of one-third of Australia's jet fuel in 2025,[23] halted fuel exports in March 2026.[24] Geography compounds this: even rerouted crude must still pass through narrow chokepoints – the Indonesian straits of Malacca, Lombok and Sunda carry ~83% of Australia's maritime imports and ~90% of exports.[25] Clean energy expansion, efficiency gains and electrification would all reduce this exposure.

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[12] International Gas Union, July 2026, **2026 World LNG Report**

[13] IEEFA, December 2025, **Australian Gas and LNG Tracker**

[14] Australian Government, Department of Industry, Science and Resources, February 2022, **Global Resources Strategy commodity report: liquefied natural gas**

[15] The Guardian, July 2026, **Australian households face prospect of interest rate hike and petrol prices rising above $2 a litre**; IEEFA, March 2026, **The perfect storm to boost energy security**

[16] EnerData, May 2026, **Australia imposes 20% domestic quota on LNG exports from 2027**

[17] The Sydney Morning Herald, July 2026, **Oil and gas giant becomes one of Australia's biggest winners from Iran war**

[18] IEA, July 2026, **World Energy Balances**

[19] IEA, **Australia: Coal** (webpage, accessed 14 August 2026)

[20] IEEFA, July 2024, **Australia's coal export market: Shifting trade dynamics with Asia**

[21] Climate Change Authority, October 2021, **Trade and investment trends in a decarbonising world** (PDF)

[22] Department of Climate Change, Energy, the Environment and Water, August 2025, **Australian Energy Statistics 2025**

[23] Hydrocarbon Processing, March 2026, **China's fuel export ban to further tighten Asia supply**

[24] Financial Review, March 2026, **Australia exposed in global scramble for fuel**

[25] E3G, March 2026, **Chokepoints: A systemic threat to energy security for oil and gas importers**.

Australia's flagship transition initiative, the "Future Made in Australia", is framed primarily around industrial and economic upsides – exporting green hydrogen, metals and renewable energy[26] – rather than direct climate commitments such as a coal phase-out date. Announced in the 2024–25 budget with A$22.7 billion committed over the next decade, it is pitched around boosting economic growth and deepening partnerships across Asia-Pacific, including with Southeast Asia and with other Commonwealth members.[27] This framing has become even more useful since the Iran conflict weighs on economic growth and the cost of living: economists warned of Australia's weakest GDP growth since the 1990s if the conflict persists.[28] Indeed, by August 2026 costs were still climbing,[29] making a coal phase-out a harder political sell. Emphasising jobs and industrial competitiveness let the government pursue the transition without making politically costly climate commitments.

This political caution is compounded by federal–state fragmentation: since energy generation, land use and electricity distribution sit with the states, Canberra cannot set a firm national coal phase-out date without their support. Queensland's current state government illustrates this, having reversed its predecessor's 2035 coal phase-out pledge by extending existing coal generation to 2046 and withdrawing support for clean alternatives.[30] Victoria mirrors the risk: the opposition, favoured to potentially win November 2026's election, has campaigned on extending coal, expanding fossil gas and cancelling a key renewables transmission project.[31]

Australia faces major hurdles in deploying its planned renewable energy projects due to grid connection bottlenecks and regulatory delays. Its electricity grids were built for centralised coal and gas plants near cities, not for remote, decentralised solar and wind farms.[32] A lack of high-voltage transmission lines has also created backlogs for projects trying to connect to the network.[33] Regulatory delays stem from lengthy approvals – development applications often take up to seven years in states like New South Wales – and from local opposition to large-scale wind, solar and transmission line footprints.[34]

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[26] The Treasury, Australian Government, 2024, **Future Made in Australia**

[27] Department of the Prime Minister and Cabinet, Australian Government, May 2022, **The Australian Government's strategic priorities**

[28] Financial review, April 2026, **Households brace for cost-of-living shock as conflict drives up prices**

[29] Australian Bureau of Statistics, August 2026, **Selected Living Cost Indexes, Australia**

[30] Financial Review, April 2025, **Queensland tears up transition targets and will keep coal for longer**; Australian Mine Safety Journal, September 2022, **Qld coal will be phased out by 2035, says authority**; The Conversation, June 2025, **The Queensland government is cancelling renewable energy projects. Can the state still reach net zero?**

[31] Renew Economy, August 2026, **Victoria Coalition says it may keep old coal lunkers running, and will scrap plans to move away from gas**

[32] Ampacimon, May 2026, **Australia's grid is leaving renewable energy on the table**

[33] Clean Energy Investor Group, November 2025, **Transmission Bottleneck Analysis** (PDF)

[34] Nexa Advisory, February 2024, **Delays of planning of renewable projects in NSW** (PDF)

Summary of key domestic transition factors

- **Enabling conditions for Australia include abundant renewable resources, space, critical minerals, industrial capabilities and trade ties across Asia-Pacific.** The "Future Made in Australia" package leverages these to build export-oriented green hydrogen, metals and clean energy industries, positioning Australia as a potential clean energy superpower and a major producer of green tech. Combined with the world's largest solar and wind project pipeline, these advantages offer a credible route to a decarbonised, export-competitive economy.

- **Constraining conditions include its continued dependence on fossil fuel export revenue, unreliable ageing coal generation and infrastructure barriers** – grid backlogs and slow regulatory approval are delaying renewables. Political fragmentation compounds this: since coal phase-out timelines sit with the states, Canberra cannot set a firm national date, and individual states can reverse course regardless of federal ambition. Cost-of-living pressures make climate commitments politically costly at both national and state levels.

Opportunities for international collaboration

1. **Strengthen energy transition dialogues among Asia-Pacific partners.** Many of Australia's trading partners are swiftly decarbonising, spurred by the largest fossil fuel supply shock in history in spring 2026. For Australia, significant revenue is at risk as these fuels represent a quarter of Australia's export income. Expanding clean power deployment at home and promoting future clean industries abroad is the cheapest and fastest route to keep Australia's exports competitive in a net zero world. Southeast Asia's clean economy could be worth US$10 billion per year[35] to Australia by 2030 if it positions itself as a key player in clean energy supply chains.

2. **Advance the implementation of the transition away from fossil fuels at COP31 as President of the Negotiations** by supporting the TAFF roadmap and sharing lessons from its own coal-to-clean shift. Reiterating its No New Coal commitment would embed this as a milestone in the TAFF process; joining the PPCA would be a further, more ambitious signal. The lack of clarity on Australia's coal phase-out is already unsettling clean energy investors,[36] thus risking its credibility as a transition destination and its clean energy superpower ambitions. A clear coal phase-out plan, led by transmission and firmed renewables delivery, would give investors the certainty needed.

[35] Kaya Partners, 2025, **Maximising Australia's green growth: Leveraging trade and aid policy to drive Australia's green exports agenda**

[36] Renew Economy, July 2026, **Coal closure "interventions" are stifling investment in the very projects needed to replace them**

3. **Advance clean electrification – such as rooftop solar, batteries and EVs in Australia**. Doing so will give the country credibility on the international stage as well as cut costs domestically, which matters as fuel prices rise after the Strait of Hormuz closure, adding to inflation that will persist even once this crisis ends.[37] Electrification insulates households and businesses from these shocks: switching from gas can save a household A$500–1,900 a year, and EV drivers save around A$1,400 annually versus petrol.[38] Business leaders agree – 61% expect rising energy costs from the global energy crisis, and 78% say current shocks make electrification more urgent.[39]

[37] The Conversation, July 2026, **Australians brace for higher fuel prices as US-Iran conflict resumes (again)**
[38] The Australian Climate Council, March 2026, **Fuel shock: why clean energy is our best defence**.
[39] WMBC, E3G, GRA, Public First, June 2026, **Global Business Poll: Powering Up. Business perspectives on electrification across 18 countries**

ABOUT E3G

E3G is an independent think tank working to deliver a safe climate for all.

We drive systemic action on climate by identifying barriers and constructing coalitions to advance the solutions needed. We create spaces for honest dialogue, and help guide governments, businesses and the public on how to deliver change at the pace the planet demands.

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