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Australia Renewable Energy - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2026 - 2031)

Market Report | 2026-02-09 | 95 pages | Mordor Intelligence

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Report description:

Australia Renewable Energy Market Analysis

The Australia Renewable Energy Market was valued at 74.83 gigawatt in 2025 and estimated to grow from 85.65 gigawatt in 2026 to reach 168.14 gigawatt by 2031, at a CAGR of 14.46% during the forecast period (2026-2031).

A supportive policy mix, rising corporate decarbonization goals, and rapid cost declines in utility-scale storage underpin this expansion. Grid-scale solar continues to lead capacity additions, yet wind power records the steepest growth trajectory as developers accelerate onshore and early-stage offshore pipelines. Investment flows favor projects sited inside designated renewable-energy zones, where streamlined approvals and pre-built transmission capacity shorten development cycles. Long-duration batteries now clear financial close alongside generation assets, allowing higher instantaneous penetration of variable renewables. Simultaneously, miners and data-center operators lock in long-term power purchase agreements that de-risk giga-scale builds and diversify revenue streams for generators.

Australia Renewable Energy Market Trends and Insights

Rising Utility-Scale Solar PV Capex Inflows

Committed investment in grid-scale solar reached AUD 12 billion (USD 7.9 billion) across 47 projects during 2024, confirming solar's cost leadership and bankability in the Australian renewable energy market.Liquidity from pension funds and infrastructure investors now pairs equity with concessional Australian Renewable Energy Agency grants, stretching tenor and trimming weighted-average cost of capital. Developers bundle batteries or synchronous condensers into the same balance sheet to meet new grid strength standards, a structure that accelerates interconnection approval. Competition has intensified for prime sites within the New England, Central Queensland, and Murray River zones where transmission headroom and high irradiance co-exist.

Federal & State-Level Renewable Energy Targets Extension

The federal commitment to 82% renewable electricity by 2030 removes revenue-signal ambiguity and cements confidence in the Australian renewable energy market. State ambitions go further: Victoria targets 95% by 2035, Queensland 70% by 2032, ensuring a multi-decade build queue. Updated Large-Scale Generation Certificates underpin forward-offtake structures, while AEMO's Integrated System Plan prioritizes corridors such as HumeLink and VNI West, embedding a renewable-first grid expansion.

Transmission Congestion & Weak Grid Hosting Capacity

AEMO flagged 23 constraint points where renewable output is curtailed by up to 15% during midday peaks, eroding the project's internal rate of return and diluting the short-run marginal cost advantage over thermal plants. Developers increasingly layer AUD 50-100 million (USD 33-66 million) of bespoke transmission upgrades into feasibility budgets, narrowing site selection to zones with pre-built backbone lines.

Other drivers and restraints analyzed in the detailed report include:

Corporates' RE-Powered Mining & Data-Center CommitmentsSurge in Long-Duration Battery Projects Unlocking Additional RE CapacityTransformer & HV Component Import Lead-Time Spikes

For complete list of drivers and restraints, kindly check the Table Of Contents.

Segment Analysis

Solar accounted for 59.85% of the Australian renewable energy market share in 2025, driven by sub-AUD 40/MWh (USD 26/MWh) levelized costs in the eastern seaboard's high-irradiance belts. The Australian renewable energy market size for solar assets is forecast to expand at a 13.22% CAGR through 2031 as utility, commercial, and residential buyers continue to prize cost transparency and modular buildability. Utility investors favor giant single-axis tracking arrays within REZs, pairing them with four-hour batteries that capitalize on evening arbitrage spreads. Rooftop adoption remains potent; every second detached home built in 2025 is expected to ship with embedded solar-storage packages pre-rolled into mortgages.

Wind rides a faster 18.53% CAGR on the back of taller turbines, hub-heights above 200 meters, and a maturing offshore policy framework. Three offshore projects, totaling 5.4 GW, filed environmental-impact statements in 2024, led by the 2.2 GW Star of the South project off Gippsland, Victoria. These multi-gigawatt foundations underwrite new transmission spines and stabilize long-term network tariffs. Hydropower is expected to preserve its baseload niche with the completion of Snowy 2.0, which is scheduled to inject 2 GW of dispatchable capacity and 350 hours of storage in 2028. Bioenergy, geothermal, and ocean energy remain peripheral but gather localized momentum among agribusiness and remote communities seeking waste valorization and energy independence.

The Australia Renewable Energy Market Report is Segmented by Technology (Solar Energy, Wind Energy, Hydropower, Bioenergy, Geothermal, and Ocean Energy) and End-User (Utilities, Commercial and Industrial, and Residential). The Market Sizes and Forecasts are Provided in Terms of Installed Capacity (GW).

List of Companies Covered in this Report:

AGL Energy Ltd Origin Energy Ltd Neoen SA Iberdrola Australia (Infigen Energy) Acciona Energia Tilt Renewables Ltd APA Group ENGIE Australia & NZ Goldwind Australia Vestas Australia First Solar Inc Edify Energy Pty Ltd Ratch Australia Genex Power Ltd Snowy Hydro Ltd Fortescue Energy Sun Cable Pty Ltd ACEN Australia CIP (Star of the South) Squadron Energy

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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