

# Alan Moran: Follow Trump and abandon renewable energy targets

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THERE has been a national spotlight on electricity since South Australia's supply blackout last September and a further partial system collapse this month, together with soaring prices elsewhere.

Next month's planned closure of Victoria's Hazelwood generator, which provides 20 per cent of the state's supply, has intensified this debate.

The loss of Hazelwood threatened the future of Alcoa's Portland aluminium smelter and this jewel in Victoria's industrial crown had to be rescued by state and federal subsidies.

Portland's rescue however means upward pressures on other electricity users' power prices and an even more precarious supply/demand balance next year.

Wholesale prices have doubled over the past few years in South Australia, New South Wales and Queensland.

Victoria will follow suit unless, as Terry McCrann advises, Hazelwood's closure is averted.

Electricity's malaise is solely due to governments subsidising wind farms and rooftop installations.

Energy retailers must include steadily increasing shares of renewable energy in the overall supply. But the cheapest renewable, wind, costs three times as much as the coal power it displaces.

Moreover, wind is intrinsically unreliable — in South Australia it can supply 70 per cent of needs but often is down to five per cent.

Coal and gas plant have to fill this gap. For coal in particular the sort of stop-start operation this entails is both uneconomic and impracticable.

The difficulties created by these policies are set to be amplified because wind supplies will have to double by 2020 to meet Canberra's present policy.

This will further poison an already distressed market.

At the turn of the present century Australia had the world's cheapest electricity.

Now our prices are among the world's highest.



Alcoa's Portland smelter rescue means upward pressures on other electricity users' power prices and an even more precarious supply/demand balance next year. Given our endowment of cheap coal and gas, this is an astonishing policy failure.

South Australia's situation is particularly grim.

This owes something to state government policies but is largely because it has most eagerly embraced the Commonwealth renewable energy programs. It is windier than other jurisdictions and faces less hostility to wind farms.

So, it got the lion's share of the investment in them — investment that is yielding a negative value.

Following last September's South Australian electricity supply meltdown, an "expert group" was commissioned under Mr Turnbull's Chief Scientist, Alan Finkel, to offer a future path.

The expert group's preliminary report is ridiculous. It falsely argues that it is renewable technology and consumers driving the change in the electricity market that actually stems from government regulations and subsidies.

Focusing on pursuing the 28 per cent reduction in greenhouse gas emissions Australia agreed to at the 2015 Paris Climate Change Conference, the Finkel report seeks more regulation to force more costly renewable energy supplies upon us.

Mr Finkel is visiting Denmark and Ireland, perhaps to see what we can learn from two of the few countries with even dearer electricity than Australia!

Australia's only solution is to abandon the renewable energy targets.

These have, in any case, been made redundant following the election of Donald Trump, who is ditching the Paris agreement on which they are based.

Abandoning renewable policies would save consumers and taxpayers \$5 billion a year and restore Australia's low-cost, reliable electricity supply.

The alternative is dearer power and deindustrialisation.

**Alan Moran is the author of a forthcoming book, *Climate Change: treaties and policies in the Trump era*.**