

Energy policy must tackle security and affordability

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In a week the nation was presented with shock news our economy shrank by 0.5 per cent in the September quarter there was an attempt to revive a proposal to deliberately increase our already high energy costs.

Amazingly, this flirtation with an “emissions intensity” electricity sector scheme was encouraged by a Coalition government that came to power on a platform of scrapping Labor’s carbon tax and shunning any carbon price or emissions trading scheme. Malcolm Turnbull has deflected blame on to Environment and Energy Minister Josh Frydenberg, but in reality the Prime Minister shares the embarrassment. It was Mr Turnbull who had to handle the fallout at the Council of Australian Governments meeting yesterday, when he rightly reaffirmed the predominant energy priorities of security and affordability.

In perhaps the greatest display of chutzpah seen in Canberra, South Australian Premier Jay Weatherill attempted to lecture Mr Turnbull on energy policy. South Australian Labor has been in power for 14 years, during which it has dramatically increased the renewable energy share to more than 40 per cent, failed to build a NSW interconnector it promised in 2002 and has watched two major coal-fired baseload generators close. In September the entire state was blacked out in a storm because wind farms tripped and a surge cut supplies from Victoria. There was no coal or gas generation immediately available to restart the grid. This needless blackout cost the state \$367 million, but the blow to investor confidence was probably more damaging. Another failure and major blackout occurred this month.

For all this unreliability of supply, South Australians pay the highest power prices in the nation. And Mr Weatherill’s advice to the nation is to increase these cost pressures through an emissions intensity scheme.

Renewable energy lobbyists, climate activists and Labor and Greens MPs continue to push for a carbon price. A preliminary report by Chief Scientist Alan Finkel compared three methods of delivering additional emissions reductions, finding an emissions intensity scheme would be less costly than an extended renewable energy target or a regulated cap. This is a useful observation but doesn’t change the fact the government’s policies are on track to deliver the 2030 emissions reduction target. So any government interested in investment, growth and jobs will understand the core challenge in energy policy is not to cut more emissions but to guarantee adequate supply at the lowest possible prices.

West Australian Premier Colin Barnett hit the nail on the head when he expressed dismay at a nation with enviable energy resources making such a mess of using them.

There are paradoxes aplenty. Queensland Labor Premier Annastacia Palaszczuk wants to move away from coal-fired power to renewables but is happy to back the massive new Adani coalmine for export. Victorian Labor Premier Daniel Andrews also wants low-emissions power generation but bans onshore gas exploration. And Mr Weatherill wants to tackle his most expensive electricity problem with a new cost on generation.

With a slowing economy, investment in retreat and people worried about jobs, the time for grand climate gestures in energy policy is over. Australia produces only 1.3 per cent of global emissions, which are still rising despite our cuts, so we cannot save the planet.

We should play our proportionate role and no more.

We need governments to show leadership by delivering policies that encourage secure supplies of the economy's energy lifeblood at affordable prices.