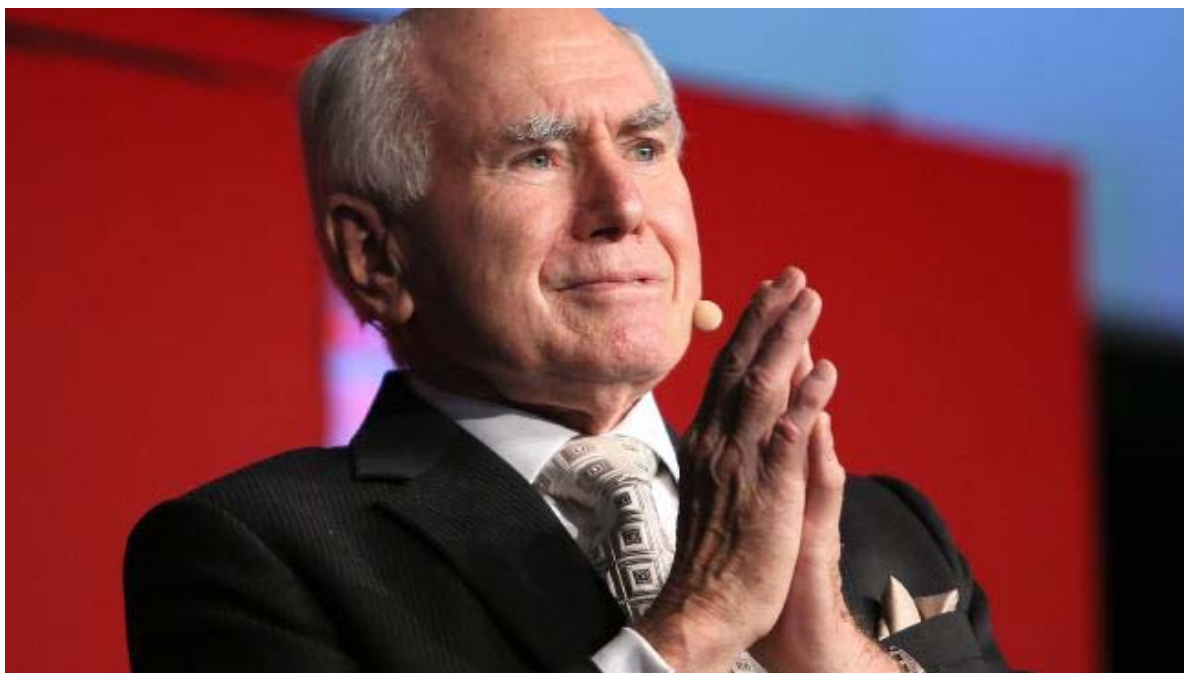


Renewables policy a scandal, says John Howard



John Howard in Perth yesterday. Picture: Colin Murty

Sid Maher, Andrew Burrell, The Australian, 12:00AM May 12, 2017

John Howard's description of the looming energy crisis as a "scandalous policy failure of the first order", and his verdict that the renewable energy target should never have been lifted above 2 per cent, have reignited calls for a national overhaul of climate policy. Taking aim at the state of the nation's electricity supplies, the former prime minister said the RET was 2 per cent when he left office in 2007 and should have remained at that level.

The national target is now about 23.5 per cent by 2020.

Energy users, including households, paid about \$2.1 billion in subsidies to renewable energy companies between 2011 and 2015 under the RET, about \$1.5bn more than they would have paid had the target not been increased. The annual price of the RET last year was likely to have been significantly above the 2015 level as the price of certificates soared in 2016, driven by a failure of investment in new renewable projects to keep up with the target.

The Clean Energy Regulator, which oversees the scheme, published figures last week suggesting that the RET comprised about 2.8 per cent of the average household electricity bill, or \$9.38 a quarter. This was up \$2.25 a quarter since 2015.

The RET has been in the spotlight since a storm caused a statewide blackout last September in South Australia, which sources the majority of its electricity supply from renewables. The failure to have gas available to alleviate the blackout sparked recriminations, including federal government intervention in the gas market, which has been hit by tight supplies. The regulator expressed concern last year about whether the 33,000GWh target — about 23.5 per cent of total production — could be met by 2020.

But in recent presentations it has revealed an increased pace of investment in wind and solar projects which, if continued, will put the nation on track to meet the target.

Recent estimates suggest there are 3549MW of renewable energy projects under construction in Australia this year, an investment of \$7.4bn creating 4105 jobs.

Speaking in Perth yesterday, Mr Howard questioned why the nation's looming energy crisis was barely mentioned in this week's federal budget. He blamed moves by some state governments to restrict or prohibit gas exploration for the potential shortage of gas on the east coast, which he labelled "a serious condemnation of our political process". "It will be a policy scandal of the first order if those sorts of restrictions and the absolutely over-zealous growth of renewable energy targets ... leads to massive increases in the cost of energy in different parts of the country," he said.

Mr Howard said the challenge of affordable and sustainable energy had barely been mentioned this week. But he said Australia had 38 per cent of the world's recoverable uranium reserves, hundreds of years of coal reserves and was a major natural gas producer.

The Australian Energy Council, which represents major electricity generators, said the RET was designed to support a carbon price, not act as a stand-alone emissions policy. "For the past decade, the energy industry has been consistent in calling for an efficient, economy wide constraint on greenhouse emissions; that's still what we want," it said. "Our energy situation is the result of an inability to get durable and national policy rather than the RET itself."

Grattan Institute energy director Tony Wood said a major contributor to the situation the nation faced was "a failure of any government including (Mr Howard's) to provide a clear, sensible climate policy". He said there had been a failure to integrate the renewable energy market into the main electricity market, which had put pressure on existing coal-fired operators. Incentives to build renewables had also failed to acknowledge the need for security of supply, which had contributed to the situation in South Australia.

Mr Wood said the cost of emissions reductions under the RET was also significantly higher than the Coalition's emissions reduction fund, at about \$12 a tonne of carbon dioxide or \$23 a tonne under the Gillard government's carbon tax scheme.

Various studies, such as the Climate Change Authority's review of the RET, had the cost of emissions reductions under the RET at \$40-\$60 a tonne of CO₂. Clean Energy Council chief executive Kane Thornton said Mr Howard was behind the times in what had been happening in the energy sector in the past decade. "Coal-fired power stations will close and continue to close because they are old and getting older," Mr Thornton said. He said that even cleaner-coal stations were considered "uninvestable" in Australia, and gas had been priced out.

At the same time, there was \$7.5bn in private investment in solar power and big wind. However, the RET remained a crucial policy instrument to attract new investment in

renewables generation because it was competing against legacy coal-fired power stations that had been built using taxpayers' money.

Energy Minister Josh Frydenberg declined to comment on Mr Howard's remarks.

Opposition energy spokesman Mark Butler said the RET was fuelling the only new investment in electricity generation in Australia, "investment that is desperately needed".