

Scientist's recommendations to deliver 'bill relief'.

David Crowe, The Australian, 12:00AM June 10, 2017

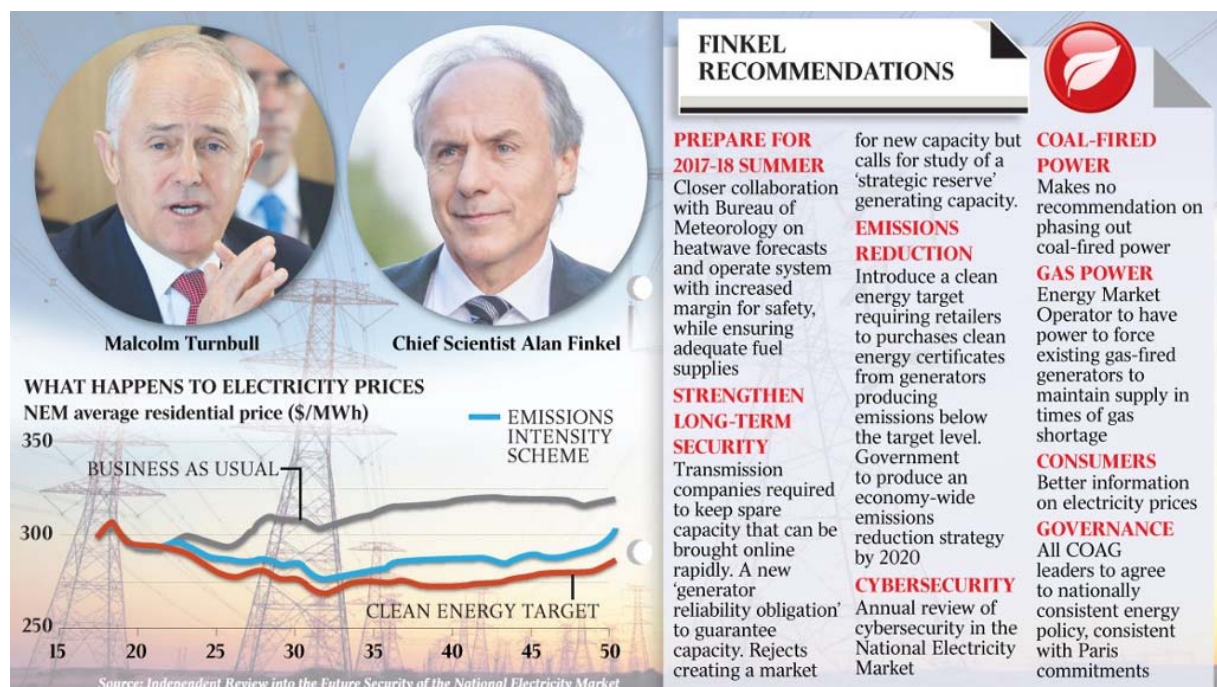
Households stand to gain “hundreds of dollars” in lower energy bills from a dramatic shift to a new scheme that encourages wind, solar and gas power, amid a political row over whether coal would be shut-out of the reforms.

The federal government is holding out the prospect of big savings on power bills in a bid to build support for the sweeping energy reform, as business groups call on federal parliament to vote for change to spur investment in new power.

Malcolm Turnbull stopped short of endorsing the new clean energy target yesterday but insisted it could help fix the national electricity grid without preventing the construction of new coal-fired power stations.

In a clash over how the new scheme would work, conservatives including former prime minister Tony Abbott are warning against rules that would discourage coal power as they call for a campaign against Labor, saying renewable energy is putting upward pressure on prices.

Deputy Prime Minister Barnaby Joyce fired a warning shot against any reform that would discourage coal, saying he wanted to make sure the nation could build new coal-fired power stations. “I believe baseload emissions are generated by a stock that has been providing cheap power for us for a long while, and that’s coal,” he said.



Labor's environment spokesman Mark Butler hit back at the Coalition for wanting to encourage investment in coal, accusing Mr Abbott and Mr Joyce of “scuttling” any agreement in parliament. “You can't have a clean energy target that defines clean energy to include coal-fired power,” Mr Butler said.

In a landmark report that seeks to end a decade of “climate wars” over energy policy, Chief Scientist Alan Finkel called yesterday for an agreement on a new clean energy target that offers lower prices for consumers compared to the existing rules.

Dr Finkel urged the new scheme to end uncertainty over mammoth investments in new power generation, but said it was up to the government to set the benchmark that decided what sources of power could qualify for financial rewards.

A key conclusion is that a clean energy target would lead to lower electricity bills for households over the years to 2030, compared with business as usual or an emissions intensity scheme, the policy advocated by Bill Shorten to put a price on carbon.

The government’s informal estimate was that household bills would be \$90 lower on average every year under the clean energy target, but that is based on assumptions about “business as usual” that are certain to be questioned as debate grows.

With parliament resuming on Tuesday for a fortnight to debate Mr Turnbull’s agenda, the government is moving carefully to avoid an internal row over energy policy while exploring deals in the Senate and with the states to enable the new scheme.

Mr Turnbull said Dr Finkel’s report had “merit” and would be considered by the government but he did not pledge to implement a clean energy target and emphasised there was nothing in the plan that punished coal-fired power. “There is nothing in the clean energy target that would prevent a new coal-fired power station being built,” he said. “It would provide an incentive for lower-emission technologies, however.”

Dr Finkel presented his blueprint to Mr Turnbull and state and territory leaders in Hobart yesterday. The Council of Australian Governments sent the matter to a ministerial meeting for debate. Dr Finkel said it did not matter what form of energy was used as long as it met the goals of improving affordability and reliability while meeting Australia’s stated goal of reducing emissions.

“The mix is not as important as the outcome,” he said. The clean energy target was a “market-based mechanism” that sent a price signal, he said. “It’s not a carbon tax — it’s an incentive to encourage investors to fill the void when existing large generators exit the market. If we’re bringing in new generation, we want to encourage low-emissions generation.”

Asked if the scheme would allow a coal-fired power station to be built, Dr Finkel said: “It is conceivable. There are no prohibitions against coal.”

The report to Mr Turnbull, premiers and chief ministers found that both a clean energy target and an emissions intensity scheme would lead to a shift in the national electricity grid to 42 per cent of power coming from renewable sources by 2030. These findings are central to the emerging political debate on whether the Coalition and Labor should agree on a clean energy target similar in structure to the policy John Howard took to the 2007 election.

Energy Minister Josh Frydenberg said the report showed there would be “significant savings” for households. “It’s very clear that there’ll be hundreds of dollars in savings for households as a result of a mechanism as proposed by Dr Finkel,” Mr Frydenberg said.

The Business Council of Australia backed Dr Finkel’s findings yesterday while Australian Industry Group chief Innes Willox called for a consensus in parliament to legislate reform.

The Australian Conservation Foundation and activist group GetUp! denounced the report for allowing scope for fossil fuels.”