

Barnaby Joyce leaves open government backing for coal power



Deputy Prime Minister Barnaby Joyce says he is "completely agnostic" over the future energy mix.
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Deputy Prime Minister Barnaby Joyce has pointedly left open the door to having a federal government underwrite or even directly fund a coal-fired power station as the Coalition battles to build internal support for the Finkel energy plan.

With another joint party room meeting devoted to the energy crisis slated for Tuesday, Energy Minister Josh Frydenberg also moved on Sunday to hose down expectations around the timing of a final decision on how to proceed.

Creating a path towards a future energy mix that includes cleaner coal-fired power is a critical issue for the Coalition as it debates Chief Scientist Alan Finkel's energy report, which implies a new system would be in place by 2019-20.

Mr Joyce insisted the government was "completely agnostic" over the future energy mix, as long as it was reliable and affordable.. "We're not scared to say that if coal-fired power does

that, then we will use coal-fired power," Mr Joyce told the ABC's Insiders program on Sunday.

The Coalition's push to explicitly allow coal power threatens to unravel a potential bipartisan deal with Labor over a low emissions scheme that would end more than a decade of uncertainty over climate change and energy policy.

Complicating the picture is the fact that most of the energy industry says it is unwilling to invest in cleaner coal technology because it involves making multi-decade bets amid great uncertainty over future carbon emissions policies.

Asked whether the federal government would consider supporting an LNP proposal to build a coal-fired power station in North Queensland, Mr Joyce said he "wouldn't rule discussions around that out".

Tensions over Dr Finkel's energy report boiled over in a three-hour Coalition joint party room debate last week, including a profanity-laden exchange between Tony Abbott and factional opponent Craig Laundy. With more debate due in coming days – including at a meeting of cabinet's energy subcommittee – Mr Frydenberg said on Sunday that the report remained a "delicate issue within the party room".

"We have to proceed carefully, and I'm not going to be rushing the Commonwealth's position or in any way pre-empting the party room's deliberations," he told Sky News. "My colleagues come first and we need to work out what our position is on the Finkel report. I'm not going to put a time frame on it."

Grattan Institute energy policy expert Tony Wood suggested that direct investment by government in coal-fired power would be a "very ugly" form of renationalisation. However, he indicated it might be possible to adopt the kind of government support structures that had been put in place in jurisdictions such as the ACT, which has run auctions for renewable energy projects in which the government agrees to buy that power. Once those projects become economic the subsidy falls away, ensuring investors are assured of a healthy return but none of the above-line windfall profit.

The downside risk may be that consumers end up paying more, he warned.

Former Liberal leader John Hewson said it was not for the government to involve itself in investment decisions, and should focus instead on getting the policy structure right to let the market find the best pathway towards emissions reductions. "Give the market 30, 40, 50 years of certainty and the market will respond," Dr Hewson told Sky TV. "You don't need to take sides and you don't need a government to say 'we're going to make it happen' – because you don't have to.."