

Solar and wind power will never come cheap

Terry McCrann, The Australian
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Sorry, Alan (Kohler), you are wrong.

There is no way that wind and solar is cheaper to produce than coal-fired power, despite the assorted — and your — claims of the cost spiralling down. Wind and solar are not 21st century disruptive technologies but a back to a 19th century future ones.

The only way they are able to be competitive with coal is by massive direct subsidies and their mandatory use under the RET — the renewable energy target.

Plus, absolutely fundamentally, their ability to tap into real, coal-fired, power generation when, you know, the wind don't blow and the sun don't shine.

Don't take my word for it. Even climate warming true believer Alan Finkel said as much — albeit, so as to keep the charade going, he said so opaquely.

One of his key conclusions was that intermittent forms of electricity generation should be required to invest in “reliable” back-up supply. So that South Australia's — dire — present does not become all of Australia's future.

When you price the cost of doing that — whether the back-up is (insane) batteries, (equally insane) pumped hydro or indeed coal- or gas-fired generation — into the cost of that “free” wind or solar, it suddenly ain't so cheap.

Indeed, our colleague Robert Gottlieb made exactly this point yesterday when he wrote: “When we make the calculation (of the true cost of renewable energy) Australians will be shocked at how badly they were misled.”

The example Kohler presented of this claimed coming flood into especially ever-cheaper solar photovoltaic was extremely instructive. As he called it, the “little-known” ReNu Energy (RNE) will own and operate the solar plant (on shopping centre roofs) and sell the power to the retailers in the centres. Cost (on the first four centres) \$4.3 million; annual cash return to RNE's investors, \$700,000, or 16 per cent.

Sounds great. What Kohler didn't note was that every megawatt hour of electricity sold into the centre also, ahem, “generates” what's called a large-scale generation certificate for RNE — which gets to sell it to power retailers to meet their “renewable energy” obligations. Right now these LGCs are trading about \$80, so if RNE got to sell its actual power at the \$50 or so per MWh implied in Kohler's article, it would actually pocket \$130.

With the \$80 (per MWh) being paid by consumers of coal-fired power.

So renewable — wind and solar — is “made” supposedly price competitive coming and going. It gets the direct cash subsidy and that subsidy is paid by the real power generation it is purportedly competing against!

Plus, its real power generation competitor has to make its power available, instantly, to RNE when ... the sun don't shine; even the very process of all these free riders dipping in and out of the grid not only forces up the grid power price but makes it unreliable and prone to blackouts.

OK, batteries? Apart from the extra cost, while batteries can — sort of — work for wind power, they are useless for solar.

First, these shopping centre roof panels are never going to be generating enough power to keep the lights on and also recharge the batteries; and if they make it through the night with some power left, what if they hit one cloudy day? Or two? Or three? More batteries; and if so at what cost? OK, let's have the batteries connected to the grid; to be charged by real — coal-fired — power. At what point do we begin to recognise that we have taken up residence on the Planet Lunacy in a galaxy far, far away from reality.

RNE, not exactly incidentally, makes its intended feasting at the great climate (actually, painfully expensive) “free lunch” boondoggle refreshingly clear in its own presentations. Indeed its, for want of a better term, business model entirely depends on it. One of its two major “revenue streams” is the LGCs. And it notes that while electricity to the shopping centre will come first, from the PV panels on the roof, any, ahem, “shortfall” will be “sourced from a retail electricity provider”.

In effect what RNE and any other “free lunch feasters” are doing in the small is exactly what SA has been doing in the large: produce high-cost renewable energy with every MWh subsidised by a now \$80 per MWh payment by users of real power generation. While also demanding access to that real power generation when needed.

And note, even with the massive LGC subsidy, SA's largely wind and solar power is the most expensive in Australia. At least Finkel says this is insanity.

SA could only “do it” because of the long extension cord plugged into Victoria's Latrobe Valley. But after the closure of Hazelwood, Victoria — and SA — will need their long extension cords into NSW.

What happens when every state is, figuratively speaking, wandering around with a long extension cord, looking for somewhere to plug into?

Finkel is trying to pre-empt that, literally, black reality with his Clean Energy Target. But by building it on the foundation that we have to have more and more wind and solar, it cannot but build in substantially higher and higher cost. Because all that extra wind and solar will have to have “reliable” back-up.

Yes, it might be “cheaper” than an emissions trading scheme or its EIS clone — all forms of a carbon tax — but that “cheaper” is relative: it would not deliver cheaper electricity prices, only cheaper than the even more insane alternative.

As I noted last week, why are we doing this anyway? With the US leaving Paris and China and India (that’s more than 50 per cent of global emissions) building more and more of the cheapest form of generation, coal-fired power stations.

Oh, and talking about long extension cords, Kohler’s RNE is actually new to solar; it’s actually “transforming from geothermal”. Remember geothermal? It was going to power Australia. All we needed were long extension cords plugged into — well fancy that — SA’s hot rocks.