

Lift gas exploration ban, Frydenberg tells states

Rosie Lewis, The Australian, 12:00AM July 13, 2017

The Turnbull government will demand that Victoria and the Northern Territory lift their bans on onshore gas development at a crucial meeting of the nation's energy ministers tomorrow. Energy Minister Josh Frydenberg will press his state and territory counterparts to agree to 49 of the 50 recommendations contained in the blueprint for reform handed down by Chief Scientist Alan Finkel last month, arguing that they will inject "stability and security" into the market.

However the meeting will not consider the proposed Clean Energy Target, which is a priority for some states and many in industry, because of Coalition divisions over the policy.

Ramping up the pressure on Victoria, Mr Frydenberg said last night that unlocking 40 years of the state's gas resources was "critical" to lowering electricity prices and creating manufacturing jobs. "Given the size of their resources, Victoria alone could alleviate gas and electricity prices by allowing more exploration," he told The Australian.

"It's a bit ironic for states like Victoria to call for the federal government to adopt the Finkel review's recommendation on the CET when they are ignoring Finkel's recommendation to unlock their gas."

Resources Minister Matthew Canavan, who will also be attending the meeting in Brisbane, said the government hoped to "get more sense" out of Victoria and the NT, which have moratoriums on gas exploration. Industry says the COAG meeting will test whether Australian governments can work together to produce stable and enduring national energy policies that support investment, as electricity bills rise and the Australian Energy Market Operator warns of summer blackouts during extreme conditions.

Victorian daily spot price for gas



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Already it is shaping up to be a political battlefield, with Victorian Energy Minister Lily D'Ambrosio indicating she will stare down the Coalition's threats on gas. She will instead call for the adoption of the CET to stabilise the grid.

"While the Turnbull government is paralysed by internal bickering and leadership battles, Victorian families and businesses continue to suffer due to their inaction," she said. "The fact remains that Australia exports two-thirds of its gas overseas — this is unsustainable and is driving up prices."

The war over gas comes as the Coalition sharpens its attack against South Australia and its "scientific experiment" with renewable energy, days after Premier Jay Weatherill announced Tesla and French company Neoen would build the world's biggest lithium ion battery in his state.

Senator Canavan told The Australian: "They can't on the one hand complain about high energy prices and the lack of gas, and on the other say they don't want to develop gas in their own states. The hypocrisy has to end."

Referring to the federal government's \$90 million program to find new gas supplies, he said: "We have no interest in spending money in states and territories that can't show us a pathway to gas development. Those states that have moratoria need not apply."

Australian Energy Council chief executive Matthew Warren said he expected unanimity on the Finkel report but the focus remained the government's discussion on the CET, which he suggested should target project emissions rather than technology emissions. "The faster we can enable this reform, the faster we can change the market and bring the cost down," he said. "People want to stop worrying about the grid: they want to know it's working, the costs are coming down and the grown-ups are running the thing. That's achievable if we let that framework evolve."

Energy Networks Australia chief John Bradley said one of Dr Finkel's most important recommendations called on ministers to act through national processes, not on an ad hoc, individual basis. "This is vital to reduce unnecessary risk in the national energy market that relies on investment, not only from large scale investors but from small and new entrants and, increasingly, households," he said.

"Breakout actions and initiatives by individual governments will create too much uncertainty and push up costs to customers."

Speaking at an energy summit in Toowoomba today, Senator Canavan plans to say Queensland's west was "doing everything right" in keeping technology neutral and using a mix of coal, coal-seam gas and renewables, while South Australia was "doing everything wrong". "South Australia has actively imposed on its citizens a giant scientific experiment to see how high renewables can be pushed before the whole show shuts down.

“The Australian people are sick of being treated like a laboratory. I think they are sick of politicians offering snake oil promises about an electricity system they don’t fully understand themselves. “

AEMO will discuss its plans for the summer with the council, while the Australian Energy Market Commission, the Australian Consumer and Competition Commission will also brief the meeting.