

Rush into renewables without a sensible plan is no way to operate

[Chris Kenny](#), The Australian, 12:00AM August 12, 2017

South Australia is not the only energy-rich constituency that has deliberately harmed itself in an ideological push to lead the global charge on renewable energy. If its statewide blackouts and world's most expensive electricity don't do enough to wake up the rest of the nation then we should cast our eyes across the Pacific to Canada.

In the vast province of Ontario the Liberal (left-of-centre) government has spent the past decade subsidising large-scale renewables, imposing a cap-and-trade system on industry and deliberately eradicating coal-fired electricity. The result has been a doubling of power prices and a decline in the manufacturing base.

To borrow from the great Canadian songwriter Leonard Cohen, we have been shown our energy future and it is murder. Even as a climate action advocate, while Malcolm Turnbull grapples with his national energy conundrum he points to South Australia's reckless renewables push as the living experiment that tells us what not to do. Ontario amplifies the point. These are real-life lessons, not being learned by too many.

In September last year, SA was plunged into darkness and chaos when some relatively minor transmission lines were downed in a storm, wind farms tripped offline and the crucial interconnector to Victoria's coal-fired generation failed. Cue Cohen: "And now the wheels of heaven stop, you feel the devil's riding crop, get ready for the future; it is murder."

The Labor states of Victoria and Queensland have set renewable energy targets similar to SA's 50 per cent share. Bill Shorten insists the nation should do the same.

We need to examine what is happening in SA. In a rushed \$550 million response to his self-generated energy crisis, SA Premier Jay Weatherill is scrambling to have a 100MWh lithium battery (the world's largest) installed by December while he urgently imports two banks of transportable diesel-powered generators. They are fumbling in the diesel and dust to plug in all this hardware before the heat of summer arrives; not quite the green energy plan Labor promised. "Stable renewable energy policy settings have created the right environment for clean energy investment, which has helped make Australia and particularly South Australia global leaders in renewable energy generation," Weatherill said a couple of years ago.

Since then he has trumpeted a welter of wind farms, funded under the national RET. And until last year's statewide blackout the Premier looked on proudly as SA's two coal-fired generators were demolished and gas generators mothballed. Power prices have soared. Last summer the state experienced load-shedding blackouts and the Australian Energy Market Operator forecasts a supply shortfall during the coming two summers unless Weatherill's emergency measures work.

Figures released this week confirm the state's electricity consumers pay the highest prices in the world. The car industry has closed and other manufacturing jobs have gone — power prices are a factor but the closures also have put a brake on demand.

Weatherill's promise that SA would be an "international leader in clean energy" has been mirrored in Ontario, which also chose to drive out coal in favour of renewables although more than half of its power was emissions-free through hydro and nuclear generation. The doubling of Ontario's electricity prices in a decade is attributed to many factors, including upgrading of nuclear plants and transmission networks, but the main factor has been renewable subsidies and shutting down coal.

Experts have criticised the economics of funding unnecessary wind generation in Ontario — power that simply wasn't needed. The additional cost has to be passed on to consumers. The same is true under Australia's RET.

Ontario has more, and cleaner, options than SA. In October last year it began purchasing stored hydro from neighbouring Quebec as a cheaper backup than its own gas-fired generation. But the impact of rising prices is being felt not just by domestic consumers but by manufacturing industries centred on the shores of Lake Ontario. A survey shows manufacturing jobs have fallen 20 per cent in Toronto across the decade. Sound familiar?

And there is the paradox that just as SA relies more than ever on coal-fired power imported from Victoria, Ontario's formerly state-owned energy corporation now owns coal-fired plants in the US. While Ontario's prices soar ahead of the rest of Canada and prompt reconsideration of planned green schemes in other provinces, international environmental groups have praised its eradication of coal. Again, this echoes the SA experience — South Australians are losing jobs and struggling to pay their power bills but Al Gore and Tesla's Elon Musk sing their praises.

This self-harm ought to have people marching in the street. But government spin and the green-left bent of most media keeps a lot of anger at bay, convincing at least some voters that the rest of the world is moving with them or that they are saving the planet.

But we are talking about all pain for indiscernible gain. All of Australia accounts for only 1.3 per cent of global carbon dioxide emissions (and falling), so imagine the insignificance of shutting a couple of generators at Port Augusta. Any annual CO₂ savings are obliterated by just a few weeks of growth in emissions in China or India.

Ontario's population is 10 times SA's and its manufacturing base much larger but, still, the global impact would be tiny, especially given coal provided only a small share of its total energy. Governments should be in the business of ensuring their energy is secure and affordable before they seek the plaudits of conservationists by claiming to be saving the planet.

In SA Weatherill is spending \$2.5m of taxpayers' funds advertising his remedial action — clearly more than he spent devising a sensible energy strategy. If it isn't infuriating enough for South Australians to be hit with the world's highest power prices while they see \$550m spent on dirty back-up generators and experimental batteries, now they see their money spent on ads promising "power when we need it" — such lofty 21st-century ambitions! "We're taking control of our energy future," the Premier says in one of the television spots, 15 years after Labor took office promising to "fix" electricity and lower prices.

Alerted by the experiences of Ontario and SA, other states, regions and nations should be more cautious. Rushing headlong into renewables and then having to retrofit solutions to underpin security or reduce prices is no way for competent governments to operate.

Grand rhetorical claims about first movers attracting green jobs and investment should be accorded the scepticism or mockery they deserve. Weatherill should have been watching Canada.

In 2009, when Ontario's then Liberal premier Dalton McGuinty started his province down this path with a Green Energy Act, he promised to "drive innovation and create new jobs" and lead the world. "We're going to seize this opportunity to build a better Ontario — better for jobs, better for our children, better for our planet." McGuinty's comments are interchangeable with those of Weatherill and his predecessor Mike Rann. "We are determined to make Adelaide a showcase city for low-carbon and clean technologies, to attract investment, drive innovation and create new jobs," Weatherill said two years ago. Yet manufacturing jobs have declined in both places and SA's jobless rate tops the nation.

Yes, SA has given us a glimpse of the future. And Turnbull's must be to avoid it. The Prime Minister needs to take national energy policy on a radically different track that prioritises affordability and security over green gestures. The alternative — cue Cohen — would be that "things are going to slide, slide in all directions".