

No changes to RET in looming power supply overhaul



The government will leave the existing renewables scheme untouched to avoid a dramatic expansion in subsidies to solar and wind power.

David Crowe, The Australian, 12:00AM September 15, 2017

The federal government is aiming to exclude the renewable energy target from its looming overhaul of the nation's power supply in a key decision that will sharpen its divide with Labor on the use of coal and gas to guarantee energy security.

The government will leave the existing renewables scheme untouched to avoid a dramatic expansion in subsidies to solar and wind power, as it puts a priority on reliability after being warned of the prospect of blackouts.

Former prime minister Tony Abbott stepped up his warnings against taxpayer aid for wind and solar power, declaring "let's not subsidise any more renewables" in order to rely on coal instead as the cheapest source of electricity.

The moves came as Malcolm Turnbull ramped up pressure on Labor over household energy costs, accusing Bill Shorten of misleading voters by claiming Sydney households had suffered a \$1000 increase in their bills, a claim at odds with official figures. Mr Turnbull accused the Opposition Leader of telling "one falsehood after another" in the hope that he would cut through to voters through repetition.

"He has no regard for the truth whatsoever," Mr Turnbull told parliament. "He misled the Australian people by claiming that the Australian Energy Regulator's figures show that under the time of the Coalition government, electricity prices for average Sydney households had gone up by \$1000. "That was completely untrue. There was no basis in fact."

In a series of unsourced claims, Mr Shorten said Sydney prices had risen \$1000 since 2013, while deputy Labor leader Tanya Plibersek said the price hike was "about \$1000 a year" and others suggested the increase was \$1000 a year for all households.

Energy Consumers Australia confirmed its analysis did not show a \$1000 price increase, while the figure was not in a July news report in *The Australian* that Labor cited in parliament as the source for its claim. Energy Minister Josh Frydenberg accused Labor of repeating its “Mediscare” tactics from last year’s election, bringing on a vote in the House of Representatives to condemn Mr Shorten for misleading voters.

Opposition energy spokesman Mark Butler said the row showed the government was out of touch with households. “Power prices are not going down — they are going up, and up, and up,” Mr Butler said, but he and his colleagues stopped making the \$1000 claim after being challenged on their figures. The future of the renewable energy target, or RET, has been a vital question in the debate over the government’s long-term plan as big investors wait for an outcome in Canberra to guide billions of dollars of spending on new projects.

The Australian has been told the existing RET will remain in its current form out of concern at sovereign risk for investors if the scheme was overhauled again after being amended by Mr Abbott and his energy minister Ian Macfarlane in a deal with Labor two years ago. The deal set a target to generate 23.5 per cent of the nation’s electricity from renewables by 2020, giving solar and wind operators and others subsidies funded by consumers. Those subsidies were valued at \$2 billion last year, according to an analysis by BAEconomics commissioned by the Minerals Council of Australia.

Mr Abbott told Sydney radio 2GB yesterday he did not want to see any subsidies for energy production, including for coal. “Let’s not subsidise any more renewables, and if we don’t subsidise any more renewables we won’t need to subsidise coal, because coal in a normal market is the cheapest way of providing reliable power,” he said. “We’ve got the absurd situation where we subsidise wind, allegedly to save the planet, and now we’re looking at subsidising coal to keep the lights on.”

But the existing RET will be closed to new projects from 2020 even though investments made up to then will continue to receive credits through to 2030, given concerns about sovereign risk if the government was to make a retrospective change to the rules set two years ago. Investors have poured about \$8 billion into new energy generation since the 2015 deal, creating 4000 megawatts of capacity that has helped meet household demand.

The Australian understands the government will not seek to amend the RET legislation as part of its energy policy. The government is yet to decide whether to adopt a clean energy target recommended by Chief Scientist Alan Finkel, a scheme that could offer incentives to renewable power after the existing RET is closed to new projects.

Mr Turnbull warned this week that the RET did not tackle the key problem of ensuring reliability with energy storage and back-up. A key calculation is that the Senate will not approve any changes to the RET and that it is not worthwhile to “pick a fight” in the upper house that cannot be won, given the difficulty of securing the changes to the scheme in 2015.