

## Green dreamers: when ideology overreaches reality

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It's bordering on absurd that a country with the world's largest readily available reserves of coal, gas and uranium should have some of the world's highest power prices and can't be sure of keeping the lights on this summer; but that's what happens when policy is driven by wishful thinking and green religion.

Soaring power prices, industries relocating offshore and the statewide blackout in South Australia last year have finally forced us to face up to the obvious: we can't avoid a choice between keeping the lights on and pretending that we're saving the planet. Reducing Australia's emissions is not worthwhile if it closes down industries and puts power prices through the roof without having the slightest impact on the long-term fate of the planet. Australia is responsible for just 1 per cent of global emissions and nothing that we do to reduce them will matter, given China and India's understandable desire to lift living standards on the back of affordable, reliable energy (often provided by Australian coal).

For the past decade and a half, our power system has focused less and less on delivering affordable and reliable power, and more and more on reducing emissions. The Howard government's original 2 per cent renewable energy target was massively expanded under Labor. Then there was the emissions trading scheme, first proposed when Malcolm Turnbull was environment minister but introduced as a carbon tax under Labor.

Finally, there's the threat of new carbon taxes and 50 per cent renewable energy targets from Labor — and a 42 per cent clean energy target if the Turnbull government adopts the Finkel report recommendations. Between times, of course, the Abbott government abolished the carbon tax and reduced the RET but couldn't get a Senate majority to go further.

To his credit, the Prime Minister is now talking about coal almost as much as pumped hydro and wants to keep open the next coal-fired power station that's otherwise set to close. He's ready to order gas exporters to break their contracts. And he's telling power companies to offer more discounts. But even a clean energy target that notionally permits new coal-fired power stations while still subsidising renewables is not going to get baseload capacity built. This is where the Liberal and National backbench might need to save the government from itself.

The only way to get our country back on track is to rid ourselves of the emissions obsession that's produced the wind-power-induced blackouts in southern Australia. We need a "jobs first" energy policy that once more builds on our comparative advantage as the world's near-largest exporter of coal, gas and uranium, as it can't be wrong for us to exploit the resources that we gladly export to other countries.

No one is against renewable energy, just the \$3 billion-a-year subsidies that give it an unfair advantage and the instability that this preference for wind has injected into our system. Although coal is by far the cheapest energy source, it can't compete if it has to be switched

on and off as the wind blows; and, once it's closed, there's nothing there when the wind fails.

Thanks to political interference with normal market forces, wind generators get a double bonus: high prices for their power when the wind is blowing, plus extra payments via the renewable energy certificates that power companies have to buy but that consumers pay for. Naturally, the companies want these policy-inflated profits to continue. Of course, they want a clean energy target to expand on the existing renewable energy target so that the subsidies keep coming.

AGL, like Engie before it, is happy to close down old coal-fired power stations so it can flaunt its green credentials while skimming off even higher profits from its remaining coal assets. When prices go up, energy bosses cry all the way to the bank. But they can hardly be blamed when the system is rigged to favour green ideology over sensible economics.

The government needs to pick a legislative fight with Labor, as well as a rhetorical one. There should be no subsidies for further unreliable wind and solar power. Let's replace all renewable energy targets with a reliable energy target of 100 per cent so that the power is on all the time.

Even if freezing the RET fails in the Senate, at least it would demonstrate that the government wants to reduce power prices while Labor wants to increase them. If we are to have more renewable power, it must be economic without subsidy or mandate, and the generator must be required to provide back-up power when it fails.

The government also needs to address the political risk that's stopping power companies from investing in new coal-fired power stations. There's no market failure here, just government failure — as the impending construction of 1000-plus new coal-fired power stations overseas shows. The energy supply, after all, is an essential service. If the government can build Snowy 2.0, it can build Hazelwood 2.0 too; and sell it to the private sector once a normal market has been restored.

As for the Finkel-recommended clean energy target, it simply must be dropped. It would be unconscionable for a government that was elected promising to scrap the carbon tax and to end Labor's climate change obsessions to go down this path.