

Josh Frydenberg says new energy policy ‘nothing to do with Abbott’



Former PM Tony Abbott has called for government support for a new coal-fired power station. Pic: AAP

Rosie Lewis, The Australian, 10:35AM October 22, 2017

Energy Minister Josh Frydenberg says the government’s revamped energy policy has “nothing to do with Tony Abbott” and will reduce power prices even more than the shelved clean energy target.

Ramping up his defence of the national energy guarantee, which was unveiled last week following a three-hour meeting of the Coalition party room, Mr Frydenberg said he was “hopeful” Labor would “come on board” and agree to the new mechanism.

The policy is expected to boost the share of renewables in the energy mix to between 28 and 36 per cent by 2030 and sets an emissions intensity benchmark for retailers. Mr Frydenberg said it allowed for “technology neutrality” and gave coal a “very good chance of continuing” through extending the life of existing power stations. “It has nothing to do with Tony Abbott. It’s got all to do with securing the stability of the system,” he told the ABC’s Insiders program.

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“After Northern (power station) closed in South Australia, we saw a tenfold increase in volatility and we have seen the highest prices in the country in that state. We have 16 coal-fired power stations in the national electricity market. Their average age is 28 years. We need to get more life out of that existing fleet and by providing a level of investment certainty, then the owners of whether it is a coal or gas-fired power station can make a commercial decision about upgrading it.”

Pressed on the former prime minister’s keenness for the government to help build a new coal-fired power station, Mr Frydenberg declared: “Tony Abbott is not the prime minister, nor the government. What was very clear from the party room discussion was that there was strong support for this mechanism, recognising the emphasis ... it puts on reliable power.

“Renewables, which are becoming very low cost, can compete in that market, but they can do so in a way that doesn’t compromise affordability and reliability, and I have to point out that the Prime Minister through his support for Snowy 2.0 is investing in the biggest renewable energy project in the world. “Obviously we would call on privately-funded parties to come to the table for a new coal-fired power station as they have done in other countries.”



The power policy is not a trading scheme, insists Josh Frydenberg. Pic: Kym Smith

Mr Frydenberg said it was “truly bizarre” for Labor to “ridicule” the NEG’s claimed saving of \$115 per year as the CET “would have led to a saving of only \$90”.

The government has declined to guarantee the \$115 savings figure, as Malcolm Turnbull and Mr Frydenberg move to ease backbench concerns that the NEG will equate to a cap-and-trade scheme.

“We are absolutely confident the prices will come down because that’s the best advice of the Energy Security Board which represents the best experts in the field,” Mr Frydenberg said.

“It doesn’t penalise carbon in the way that the emissions intensity scheme does and it doesn’t provide for a major subsidy in the way that the emission intensity scheme ... This is no subsidies. No taxes. No trading schemes, no carbon price.

“It’s not a trading scheme. It’s using the existing mechanisms in the market in which you are seeing contracts exchanged for physical electricity.”

Mr Frydenberg also dismissed Queensland premier Anastacia Palaszczuk’s ultimatum to electricity retailers to cut bills or face government competition, calling the threat a “smokescreen”. He said the real issue in the state was gouging by government-owned generators, which had been bidding at

“uncompetitively high” prices to “line” the government’s budget “to a tune of \$1.5 billion”.

“Queenslanders have paid on average 30 per cent more for their wholesale electricity prices as a result of that,” Mr Frydenberg said.