

Turnbull adds \$120 to energy guarantee

David Crowe, The Australian, 12:00AM November 22, 2017

Australians will be promised a \$120 boost to their household budgets from Malcolm Turnbull's national energy guarantee as the Prime Minister ramps up pressure on the states to sign up to the plan and end a decade of dispute over climate policy.

The household gain is the start in a wider \$400 benefit every year over the decade to 2030 under modelling to be released today to build the case for the federal government's controversial alternative to a clean energy target.

The pitch to consumers will reignite the political fight as Labor vows to end the "blame game" over rising energy prices but calls for an ambitious 50 per cent renewable energy goal by 2030.

Energy Minister Josh Frydenberg will seek a deal with the states on Friday after releasing the new modelling to his state counterparts to show the national energy guarantee can help unleash new investment in power generation. "This is a great opportunity for the states and the commonwealth to come together and break the impasse that has bedevilled the parliament for the last decade over climate and energy policy," Mr Frydenberg told The Australian. "It's very clear from the broad support the guarantee has received that this is the best possible way forward for Australia."

With state and federal politicians offering competing plans to end blackouts and stop rising prices, Mr Turnbull and Mr Frydenberg have been under pressure to prove the economic and household benefits from the fix they outlined five weeks ago.

The modelling by Frontier Economics finds that retail prices would be \$120 a year lower on average for households from 2020 to 2030 and that wholesale prices would be 23 per cent lower, saving millions of dollars for factories and other big energy users. The analysis, done for the Energy Security Board of national regulators, shows that another \$280 a year will be cut from household electricity bills over the same period from existing policies, helped in part by lower costs for renewable energy.

Mr Frydenberg is citing the conclusions to argue a paper mill using 500,000 megawatt hours of electricity could save more than \$10 million a year, a key issue for industry groups that are calling for a bipartisan agreement to encourage investment in new power generators.

Industry groups, unions and community organisations have backed a joint statement to be released today to endorse the national energy guarantee, calling on Labor and the Coalition to reach a deal at this Friday's meeting to work on the details of the plan. "Importantly, there are no apparent alternatives at present that are both potentially functional and potentially acceptable to all sides of politics," says the statement backed by the ACTU, the Australian Council of Social Service, the Australian Industry Group, the National Farmers' Federation, the World Wildlife Fund and the Clean Energy Council. Mr Turnbull said the modelling showed "the evidence is in" and the national energy guarantee would save families money. "The Coalition will put more money in the pockets of Australian families and businesses," he said.

"The independent experts have spoken: our plan will cut power bills and ensure the lights stay on. The benefits will flow through the entire economy. Businesses will be able to hire more staff, pay their employees more and pass on the savings to consumers through cheaper products."

The Frontier Economics modelling includes the government's commitment to cut emissions by 26 to 28 per cent by 2030 compared with the levels of 2005, the pledge Mr Frydenberg restated at the Bonn summit last week.

The Energy Minister said he made no commitment to go beyond the 26 to 28 per cent target while at the Bonn summit, which he said was dominated by discussion on "accountability" mechanisms rather than targets. "This meeting was not about lifting targets," Mr Frydenberg said. "Australia's targets are ambitious enough."