

Renewable energy subsidies push up bills, says report

[Samantha Hutchinson](#), The Australian, 12:00AM December 1, 2017

Subsidies for renewable energy are behind most power price increases, adding almost \$300 to the average electricity bill, according to a report that calls for a “reboot” of the national energy market.

Federal Energy Minister Josh Frydenberg will today release the Menzies Research Centre report, which calls for subsidies for renewable energy to be phased out and gas-extraction bans to be lifted to prevent prices rising higher.

The report, chaired by former Business Council of Australia head Tony Shepherd, also recommends the federal government revive community discussions on nuclear energy, and scrap state-based renewable energy targets in favour of a national framework.

“Consumers and business owners have a right to feel angry,” he said. “They have been largely kept in the dark about the extent and effect of subsidies to support the introduction of renewable energy. It was never made clear that the cost of those subsidies would be added to their bill.”

Mr Shepherd said consumers had borne the cost of “ill-judged” state and federal renewable energy programs, which had resulted in a less-efficient, less-reliable national electricity supply.

The report saves its most scathing comments for the role state and federal governments played in the lead-up to South Australia’s statewide blackout last year. “Failures in the energy market that led to the first statewide blackout for more than half a century were entirely caused by ill-judged state, territory and federal government policies,” Mr Shepherd said.

He said consumers and businesses were not warned about the technical challenge of trying to integrate large amounts of non-synchronous energy generation into the grid. “Nor were they told about the high cost of sourcing reliable energy when wind and solar generators are idle,” he added.

The report comes as federal and state politicians grapple with the prospect of rising electricity costs and the threat of blackouts over summer as the national

grid reaches peak demand with reduced baseload power following coal-fired power plant closures in Victoria and South Australia.

It also comes as state energy ministers investigate a national energy guarantee.

The new policy proposes to strike a balance between conventional energy sources and newer, renewable energy sources that may carry higher operating or production costs.

The Menziesreport argues in favour of a national energy guarantee, which it says is more likely to succeed than policies such as the Renewable Energy Target, because it takes affordability and reliability into consideration, alongside emissions targets.

The Australian Competition and Consumer Commission found in October that consumer electricity prices had risen by 63 per cent on top of inflation since 2007-08, prompting chairman Rod Sims to warn that households were under “unacceptable pressure”.

He found higher network costs had driven power price increases in all states except South Australia, where heavy reliance on renewable energy and diesel generators operating alongside the established grid had lifted generation costs.