

Another report exposes the nation's energy folly

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Yet another report on Australia's electricity system has underlined the severity of our energy crisis and the damaging role that government policy and poor planning have played. The Australian Energy Market Operator's integrated system plan emphasises the crucial role of coal generation (76 per cent of the nation's power supply) and urges the retention of existing coal-fired power stations for as long as possible to provide cheap and reliable electricity while investments continue in the renewables sector.

The paradox that must leap out at most consumers is that state and federal government policies during the past decade — from the short-lived carbon tax to the renewable energy target and rooftop solar subsidy schemes — have been designed to boost renewable energy investment and development to reduce carbon emissions by forcing the retirement of coal-fired electricity. These policies have helped to hasten the demise of coal-fired power plants in South Australia, Victoria and NSW — as intended.

But now we are being presented with calls and proposals from expert sources for more government interventions to extend the life of coal-fired plants and/or encourage investment in new coal-fired generation to bolster reliability in the National Electricity Market. "Over the next 20 years, a percentage of the NEM's existing coal resources will be approaching the end of their technical lives and will likely be retired, which highlights the importance of mitigating premature retirements as these resources currently provide essential low-cost energy and system support services required for the safe and secure operation of the power system," the AEMO report says.

In many respects this recognition that coal is cheap and reliable and therefore underpins the integrity of the energy system is a statement of the obvious, but it runs counter to the policy zeitgeist and comes at a critical time in the national debate. It provides yet another opportunity for Malcolm Turnbull and the Liberals to intervene in favour of dispatchable electricity supplies.

Yet they seem determined to stick only to their NEG proposal. Their Coalition partners, the Nationals, are urging stronger action and former prime minister Tony Abbott promotes withdrawing from the Paris climate agreement. Yesterday's Newspoll showed almost half (48 per cent) of all voters are in favour of rejecting Paris compared with 38 per cent opposed. More

encouraging for the Prime Minister and his NEG plan is how the Coalition has opened a lead (40 per cent to 34 per cent) on which side of politics voters believe will keep electricity prices lower. Still, the AEMO report and last week's Australian Competition & Consumer Commission findings show the power crisis is far from over and that more than the NEG will be required to deliver certainty.

The AEMO recommends improvements to transmission capacity, especially to protect supplies to South Australia which has made itself vulnerable through heavy reliance on wind energy after coal generators shut down. In the short term extra capacity from Victoria and a new transmission line from NSW are recommended for SA, along with extra capacity between Queensland and NSW to boost national flexibility. Considerable transmission investment also will be needed to link renewable projects and weatherproof the grid, along with storage projects and extra gas-fired generation. On top of most of these investments the eventual cost of replacing the outgoing coal generation will be at least \$27 billion. A staggering amount of money has been spent and is yet required for this nation to meet its emissions reductions targets, even though the Chief Scientist says those reductions will make no difference to the global environment. The nation's cheap energy past seems long gone.

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