

It's Difficult to See How Wind Will Bring Down Prices

Letter Published in The Australian, 27 July (Last para deleted by Ed)

You report the Energy Security Board's claim that modeling of the final national energy guarantee shows that its adoption would result in savings of electricity bill to households of \$550 a year over a decade ("Power price warning to Labor states", 26/7)

Indeed it appears that under this NEG, wholesale prices are modeled to fall by over 40 per cent by 2021. A significant contributor to this fall is supposedly due to a large increase in investments in renewable (mainly wind) already committed.

However, no indication is given of how the more costly wind farms will cause such falls in prices. Perhaps the NEG will provide a government guaranteed price, with governments funding the additional cost compared with coal. That additional cost would have to include the additional investment in back-ups which would be needed when the wind or sun do not provide fuel.

[The debate surrounding NEG has reached the point of farce. Some 'expert' (sic) has a model which says a more costly investment in energy production will compete coal producers out of existence despite the latter's much lower prices. Will anyone believe in such a model?]

Yours faithfully

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