

## Liberals in green power standoff



Prime Minister Malcolm Turnbull. Picture: Aaron Francis

The Australian, Ben Packham, Political Reporter, Greg Brown, Journalist, 12:00AM August 2, 2018

Malcolm Turnbull's centrepiece energy policy faces an eleventh-hour threat from dissatisfied Coalition MPs who have attacked new modelling that shows the nation's reliance on renewable energy will more than double by 2030 under the national energy guarantee, as coal-fired plants are powered down.

The backlash threatens the prospect of a deal next week to end the nation's decade-long energy wars, as wavering Labor state governments warn that they are reluctant to sign up to the plan until it is given the green light by the Coalition partyroom.

Backbenchers including Tony Abbott, Craig Kelly and the government's most marginal seat holder Michelle Landry yesterday questioned the Energy Security Board's claim that prices would drop, and said big rises in renewable generation would threaten cheap baseload power generators.

The ESB's final detailed design report said the NEG would help lift renewable energy production to 36 per cent of total generation capacity within 11 years — up from a current 17 per cent — while reliance on coal would fall from 75 per cent of generation capacity to a forecast 60 per cent.

The modelling predicts no new coal-fired power stations will be built under the NEG, and there will not be any unscheduled closures of existing plants. It forecasts a 45 per cent fall in the nation's annual wholesale energy bill under the NEG, from the current \$17 billion-a-year to a forecast \$9bn between 2020-21 and 2029-30.

Mr Abbott, who has threatened to cross the floor to vote against the policy, disputed the ESB modelling. Of claims that prices would fall, the former prime minister told 2GB radio: "Well, frankly, pigs might fly. The fact is the more renewables we have got, the higher prices have got. And why should the last lot of modelling be any more believable than the modelling before that, which has turned out to be uniformly and constantly false."

Mr Kelly, chairman of the Coalition's backbench energy committee, said he was sceptical of the modelling, and warned he could also vote against the policy as it was designed. "My concerns are we are doing something that would make electricity more expensive than it otherwise would be," he said. "When I have constituents coming into my office and breaking down in tears in front of me because they can't pay their electricity bill, it is very hard to go into parliament and vote for something that will make electricity prices higher than they would otherwise be."

If Labor and the five lower house crossbenchers oppose the NEG, it would require just one Coalition MP to cross the floor to sink the vote.

Ms Landry said she was worried that the displacement of coal by renewables would force up power prices for her constituents. "Coal is still the cheapest form of power and the most reliable. When wind, solar and water can be made 100 per cent reliable, then I will support them over coal," the Capricornia MP said.

Liberal senator Eric Abetz said the ESB design report revealed the policy was not technology agnostic, as claimed: "It does not explain why everywhere else in the world new coal power stations are being built wanting to use our coal."

Nationals senator John Williams said he was concerned about the expensive costs of higher renewable energy usage under the targets. "The cost of power is the killer," he said.

The paper reiterates previously released numbers that forecast households would save \$550 a year on power bills each year from 2020-21 to 2029-30, including \$150 a year as a direct result of the NEG. The forecast increase in renewables falls short of modelling released by the Australian Energy Market Operator last month, which predicted solar, wind and hydro power would make up 46 per cent of generation by 2030.

The difference is because of the ESB's modelling of only committed projects, while the AEMO factored in state renewable energy targets that seek to lift the use of renewables ever higher.

Energy Minister Josh Frydenberg needs to convince the states at a meeting on Friday next week to support the NEG mechanism, before seeking approval of the Coalition partyroom, and ultimately the parliament, for a 26 per cent cut to carbon emissions to be implemented under the scheme. Mr Frydenberg said the government had begun to bring down power prices, "but if we want further price relief, we must act without delay to implement the National Energy Guarantee".

Victoria and Queensland ramped up the pressure this week, suggesting they were unwilling to agree to a policy that could subsequently be amended. Victorian Energy Minister Lily D'Ambrosio said: "How can we have any confidence in what they're asking from us if it hasn't been through his partyroom first?"

ESB chair Kerry Schott urged the states to sign on to the deal, saying failure to agree to the NEG design would result in higher energy prices for households. "Stakeholders have been clear with the ESB that the status quo is simply not acceptable and have demonstrated a commitment to work together to respond to the changes under way in the energy market." "Any delay or, worse, a failure to reach agreement will simply prolong the current investment uncertainty and deny customers more affordable energy."