

Harwin's jolt with his emissions target bolt from the blue

Judith Sloan



NSW Energy Minister Don Harwin during a press conference after the COAG energy ministers' meeting in Adelaide yesterday. Picture: Russell Millard

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It's not uncommon for a minister or two at COAG meetings to go rogue. But the fact NSW Energy Minister Don Harwin started prattling on about a target of zero net emissions by 2050 at the COAG energy meeting in Adelaide was something of a bolt from the blue. He must really have something against graziers and heavy industry.

It's not as if the NSW Coalition had taken this target to the 2015 election. The cabinet, after vigorous debate, merely outlined in November 2016 a zero net emissions by 2050 for the state as an aspirational goal. (Yes, I know, what would be the point, but that's another story.)

One of the troubles with Harwin (and his Victorian counterpart, Lily D'Ambrosio) is their combined understanding of the energy market is measured in nanowatts; in other words, neither has a clue.

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Why would Harwin be worried about 2050 when NSW households have been hit with a rise of nearly \$400 in their annual electricity bills over the past two

years? Low-income households in NSW are now paying more than 10 per cent of their disposable incomes just to keep the lights on.

It was surely ironic that in the same week as the conference, the wholesale price of electricity in the National Energy Market was soaring well above \$100 a megawatt hour. Yet Harwin is more concerned about what's going to happen in 31 years' time.

The support of both Harwin and the South Australian government for the NSW and South Australian electricity systems to be connected by a regulated interconnector shows a point of madness has been reached. Bear in mind we all pay for these installations through higher electricity bills.

NSW is a net importer of electricity and will become substantially so after the Liddell coal-fired power station closes in 2022. It is estimated closure could push up electricity prices by 20 per cent across the NEM and by more than 40 per cent in NSW. The South Australian electricity market is in complete disarray because there is far too much renewable energy, which is being continuously curtailed, and the Australian Market Energy Operator is constantly intervening to call up reserve sources of power. Getting these two basket cases to hitch up would be an act of pure folly.

The two key energy challenges facing Australia are to ensure reliability within the NEM and to add to firming and baseload sources of electricity to put downward pressures on prices. The emissions reduction target set out in Australia's commitment to the Paris climate agreement will be easily met by the electricity sector.

As to the issue of investment certainty, Harwin is just doing the bidding of the lobbyists for the energy companies. The core function of companies is to invest under conditions of uncertainty and to prepare risk management strategies. What the companies really mean when they talk about investment certainty is locking in subsidies for years into the future.

The federal Energy Minister, Angus Taylor, is right to baulk at this request. As for Harwin waxing on about "ending the climate wars", he would be the clear winner of the Julia Gillard award for hyperbole.