ENERGY

green parrots II

Polly Wants a Crack-up

ALAN MORAN FEB 23 2026

Energy Minister Bowen, the Prime Minister and just about every ALP/Green/Teal MP parrot the myth that renewable energy is the cheapest source of power. Such notions are bolstered by green-flavoured think tanks. Thus, the Grattan Institute's modelling claims that substituting almost all coal and gas with wind and solar would halve the average Australian annual household energy bill – including petrol, electricity, and gas – by 2050.

Such forecasts have been common over the two decades during which governments have subsidised renewable energy, thereby penalising coal. As a result, twenty years ago coal supplied 85% of electricity but is now down to 50%.

Without government interventions, electricity prices in real terms would steadily fall as generational technologies improve. But the Australian price (expressed in $2025) per MWh (for industrial customers) has increased as follows:

2000 $120
2010 $130
2020 $145
2025 $150

The forced replacement of coal generation by wind/solar has reduced the productivity of generation facilities. This is usually expressed as plants' capacity utilisation (their "capacity factor"), which has fallen from 56% at the turn of the century to 28% at present. This has been caused both by replacing coal with wind/solar and by the subsidised renewables being able to profitably supply at negative prices, forcing coal plants to turn down their output levels: average coal plant capacity factors fell from 75% to 60% over the past 25 years.

The many taxes, currently costing $16 billion a year, that governments have imposed to promote renewable energy and kill off coal have had a detrimental effect on Australia's industrial competitiveness. The EU, facing a similar situation, has introduced a carbon import tax to level the playing field that its own carbon taxes tilted to the detriment of its industries. Set at $133 per tonne of CO2, it is ostensibly targeted at "carbon leakage" due producers selecting supply sources that are not saddled with carbon taxes. For larger importers this came into effect in January with a limited range of goods covered.

Many green-inclined EuropeanMPs had hoped to see their approach to decarbonisation advanced at the recent Munich Security Conference (MSC). But the US had already dealt this a decisive blow by dismantling subsidies for renewables and withdrawing from the Paris Climate Agreement. This was compounded by this month's repeal of the Obama-era "endangerment" scientific finding, which had declared that greenhouse gases pose a threat to public health and welfare and was the legal basis for their regulation. The Trump administration claims that the repeal will save a trillion dollars in regulatory costs. US Foreign Secretary Marco Rubio killed European MPs' hopes at the MSC with a Churchillian call for a revitalised US/Europe alliance, "that is not paralysed into inaction by fear. Fear of climate change, fear of war, fear of technology."

The Albanese government was already on the road to an EU-style program in July 2023. Its Carbon Leakage Review, had a 14-person departmental team and was headed by ANU Professor Frank Jotzo, who had been a senior adviser to Australia's Garnaut Climate Change Review; his publications include *Unlocking trillions for climate action* and *Russia's war will hasten the drive for clean energy security*. Choosing Jotzc to head up the team guarantees the answers will be what the minister wants. The report, due by September 2024, was not released until February 2026.

Predictably, the Jotzo review proposes a carbon import tariff, initially set at $50 per tonne, (the Australian Energy Regulator has said the tax would need to be $450 per tonne, which would raise existing electricity prices between four- and fivefold). It seeks to tease out the costs of this across different industries. This is no mean feat. Many products have thousands of components – cars, to cite but one example, have between 30,000 and 90,000. In today's integrated world, these come from a great many different (and changing) sources, most of which have varying carbon component costs in their supply.

The review recognises the model it uses "does not have the capability to represent intra-country variation or variation at a facility level". It initially proposes to focus on key industries where the impact of Australia's regulatory-induced high energy costs is most severe.

They estimate costs to the economy that are disarmingly low. These costs would presumably be even lower if, as the report assumes, a global transition to a low- or zero-emissions industry sector would give "Australia an opportunity to become a major producer and exporter of clean energy and industrial commodities in a net zero world economy". Confounding that transition is the new coal power station build in China, the world's largest manufacturing nation.

But the true believers are not to be diverted from their messianic task of pursuing Net Zero carbon emissions.

This is reminiscent of Kevin Rudd's push for decarbonisation in 2007. But at least Rudd was operating in a world where Obama's America and Europe appeared to dominate policy. Trump's reforms of energy will not be reversed and are being followed by Japan and, prospectively, the UK and other European nations. Carbon-emission restraints were never taken seriously by China and India, which are far more significant economically and diplomatically than they were twenty years ago, nor by the oil producers or Russia.

Like a giant Snowy Mountains rock-boring machine, the Albanese Government is wasting resources pursuing a goal that is unnecessary, unrealistic and for which the global consensus essential for its success has disappeared. Don't, however, expect any change of course in the direction of common sense.