

Consumer-first energy future?

What if Australia rejects the renewable energy transition...

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Our three energy regulatory agencies and the Productivity Commission, the government's independent economic adviser, have all issued reports and recommendations promoting the 'transition' away from hydrocarbons to wind and solar.

Any replacement of hydrocarbons with renewables is impossible without government subsidies, which currently provide half of the revenue for wind and solar.

The three federal regulatory bodies that control the supply and pricing of electricity and gas in Australia are the Australian Energy Market Commission (AEMC), the Australian Energy Regulator (AER), and the Australian Energy Market Operator (AEMO). AEMC is responsible for market rules; AER is responsible for setting the costs that networks may recover from consumers and the maximum prices retailers can charge; and AEMO ensures supply is balanced with demand second-by-second and plans network expansions.

Other regulators, including state bodies and the Clean Energy Regulator (which manages emissions/renewables schemes), also play a controlling role.

Front and centre of the Albanese government's energy policy is the prevention of greenhouse gas emissions. Unfortunately, government bodies fail to highlight the costs of renewable energy and often appear to, in my opinion, disguise it. [The AER in 2024](#), however, revealed the costs it uses in regulatory evaluation processes. Those costs are equivalent to the carbon price required to drive the 'transition' to renewable energy and were \$105 and \$221 per tonne of CO₂ in 2030 and 2040, respectively. They entail a doubling of ex-generator electricity prices in 2030 and a quadrupling in 2040.

The AEMC has provided little insight in identifying the costs of renewable energy programs. Recently, one annual report, which disclosed the contribution of renewable energy regulations to consumers' costs, has been discontinued. It was likely welcome to the energy ministers themselves, who are notoriously reticent about revealing the costs of these measures.

Energy Minister Bowen has not released the prices paid for the key subsidy paid under the 'Capacity Investment Scheme', for renewables and batteries, though even in the UK, the counterpart scheme sees the contracts published (revealing that they amount to a subsidy of 38-50 per cent on top of a price that is already inflated by the existing renewable energy subsidies).

Once the costs of ‘firming-up’ renewables with controllable energy (gas, coal, hydro, nuclear) are accounted for, the subsidy is even higher than the estimates proffered by the AER. **Based on Lazard’s cost data**, the subsidies required for wind and solar in the largest US systems are as follows:

Subsidy required for grid supplied renewables (per cent)

	Solar	Wind
California	262	148
Mid West	87	114
South West	35	106
North Atlantic	135	100

It is little wonder that under Trump’s policies to severely limit future subsidies for renewables, few new facilities are being built. And it is inconceivable that Australian subsidies are below these levels.

In the coming weeks, the AEMC will produce its plan for a ‘consumer-first energy future’.

AEMC, like the other regulators, bases its plans on the assumption that we are heading toward an energy transition to renewables and away from hydrocarbons. It says, ‘We have applied (forward-looking, pragmatic and collaborative) principles to big reforms to bring consumers – and their consumer energy resources – to the forefront of this transition.’ Of course, any such transition can only result from government forcing it, with the inevitable consequences of dearer, less reliable energy.

And there is not a chance that ministers and regulators would allow consumers freedom of choice to buy the cheapest sources of energy when the abiding goal of Australian energy policy is to drive demand away from formerly cheap energy sources.

For its part, **the Productivity Commission last week issued a report** that provided useful information on the concerning nature of Australia's productivity performance. But the report, noting that the electricity industry had seen its total productivity drop by 40 per cent since 2001, instead of acknowledging renewable energy regulations as the cause, suggested that it was a temporary and illusory blip, akin to that experienced by the mining industry after an investment surge. This is absurd: while mining developments take up to a decade, renewables are operating within a year or so of capital work commencing (weeks in the case of rooftop solar); and renewable energy investment peaked in 2018. There is no escaping the fact that wind and solar generation, as the subsidies they require demonstrate, has far lower productivity than the coal generation it replaces.

With regard to energy, government institutions appear to have been cowed or reconstituted into politicised bodies that radically diverge from offering the 'frank and fearless' advice of yesteryear.

How will these bodies come to terms with One Nation's Trumpian rejection of renewables as the cheapest form of energy?

One Nation will at the very least be a senior component of a future non-Labor government. How will government agencies come to terms with One Nation's determination to cease spending on wind turbines, grid solar or anything that supports 'the Net Zero hoax'?