

Fatal flaws exposed in the Net Zero transition. What is to be done?

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According to NSW's Ausgrid, the most recent AEMO draft *Integrated System Plan* (ISP) for electricity supply will require \$325 billion for transmission to meet Net Zero emissions by 2050.

Aside from blowing the lid on this element of Net Zero's cost, the call for submissions on the draft ISP allowed a sliver of realism to be voiced.

Electricity suppliers, including the major generation businesses, (who are also beneficiaries of renewable energy subsidies), warned the government and its appointed advisers that their time-frame for closing down coal and most gas generators is impossible.

However, businesses have to work with the government and were understandably guarded in expressing their reservations:

- [AGL](#) addressed a lack of adequate reserves
- [Alinta](#) discussed 'significant challenges' and practical issues facing the transition
- [Delta](#) stressed an absence of long-term storage is a risk to AEMO's favoured path and ventured to say that coal generators must be retained
- [EnergyAustralia](#) also discussed the need for more storage and for gas to counter the risks posed by intermittent renewables
- According to [Origin](#) 'the underlying generation pathway that incorporates key risks' should be modelled to make it easier 'to understand the implications for the transition should these risks not be addressed'

It was left to some independent submissions to fully specify the fatal flaws in the push to the energy 'transition' that is being orchestrated.

A comprehensive analysis by a group of 16 [Independent engineers, scientists, and professionals](#) minced no words in stating:

'The transition of the NEM, which has been accelerating for several years, will lead to a collapse of system reliability should any more reliable baseload power generation be retired without prior

implementation of the means to maintain proper positive dispatchable reserve margin under worst case conditions.'

23 years on from when renewable energy electricity generation was declared an infant in need of temporary nurturing, Australian governments (mainly the Commonwealth) are spending \$16.5 billion a year in regulatory requirements and other subsidies favouring wind and solar generators. That is equivalent to one-third of spending on national Defence.

Unlike other government spending, there are no benefits accruing.

The subsidies to renewable energy (mainly wind and solar) are intentionally designed to force the replacement of low-cost, reliable coal and gas generators by high-cost alternatives. Accordingly, the costs they entail are far in excess of the measured regulatory costs.

The annual subsidies to renewable energy have more than doubled since the last year of the Morrison government, but it would be mistaken to exonerate the Coalition from participating in the damage. Morrison went to the 2019 Glasgow Climate Change conference with a 'Net Zero' pledge and the Coalition had previously done much to reverse course from the climate policy back-peddling that Tony Abbott had embarked upon – indeed, Abbott's resistance to further harmful climate change policies was a major factor in the Liberal Party voting to replace him with Malcolm Turnbull.

In this respect, the Liberals were in a similar position to that of the UK Conservative Party, currently in power but expected to lose in a general election. Some UK Conservatives are having doubts about the wisdom of Net Zero, but the party's policy is almost identical to that of the Labour Opposition. The Australian Liberals and Nationals are seeking to differentiate themselves by pursuing nuclear as an

alternative low carbon emission policy, but this faces formidable opposition on spurious safety grounds as well as massive impediments from the regulatory framework which has been developed.

Commercial and regulatory reality will likely force some reversal of current policy stances. This is already evident with governments shifting to subsidise some coal plants that are adversely affected by the subsidies to their renewable energy competition and to create special exemptions for energy-intensive industries like nickel smelting.

However, an efficient energy policy requires a more radical change of course. Although [Alexandra Marshall](#) suggests the present lamentable course in energy and other policies stems from poor political leadership, the major parties' policies are formulated by carefully researching what the voters want. As when they buy breakfast cereal, in the absence of a crisis, few voters put effort into reviewing all the options before them. At present, the dominant voter paradigm is: greenhouse gases bad; wind/solar clean and cheap.

Changing this is difficult in view of prevailing attitudes in the media and other institutional elites. Changing it also confronts a political establishment and a profession of bureaucrats that see no attraction in simply holding the ring for private enterprise to pursue Smithian economic prosperity, especially when there are obvious cracks to fill.

It is difficult to see a new political consensus focusing on competition policy and disengaging public business enterprises from political oversight which allowed an efficient energy industry structure to be created. For the Labor Party, this would mean a return to an ahistorical Hawke-Keating belief in market capitalism. For the

Coalition, it would mean politicians seeking to implement notions that they presently regard as window dressing.

More likely is Australian policy being re-formed by overseas developments.

Already Europe is seeing a backlash against socialist interventions in national elections, which are likely to be reinforced in EU-wide elections in June. But it would take a Trump victory in November to bring about an early change. A Trump Administration would abruptly reverse the many energy subsidy programs in the Biden Administration's misleadingly named *Inflation Reduction Act* as well as abrogating the Paris Agreement on climate change. Australia and the rest of the world will have to follow this.

Even so, this will not be easy for Australia where regulatory inertia rules. Restoring a sensible energy policy will entail longer-term measures that dislodge the many agencies – regulatory and propagandatory – that live off the public purse. Immediate-term measures will require:

- Removal of all subsidies
- Defunding of many government agencies (under Gillard/Rudd, the CSIRO used to claim that half its programs were global warming oriented)
- Requirements on banks, finance houses, and superannuation funds to cease discriminatory energy policies
- Reform of planning laws that embrace climate change in evaluating development proposals

- Use of the *State Grants Commission* to prevent state governments from using climate (and other environment policies) to penalise productive activities

This is a formidable program for the handful of politicians, with – unlike the Hawke-Keating government – no bureaucratic support favouring the dismantling of the economy-throttling measures on which they have built their careers.