



DOOMED PLANET

power station demolition

Doubling Down on Stupid

ALAN MORAN OCT 21 2025

The Grattan Institute is the mainstream media's go-to outfit for supposedly erudite, green-left commentary on climate issues. Its recent **modelling** says 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. It argues the decarbonisation could be taken further by introducing a carbon tax, thereby sacrificing a modest amount of this improved outlook.

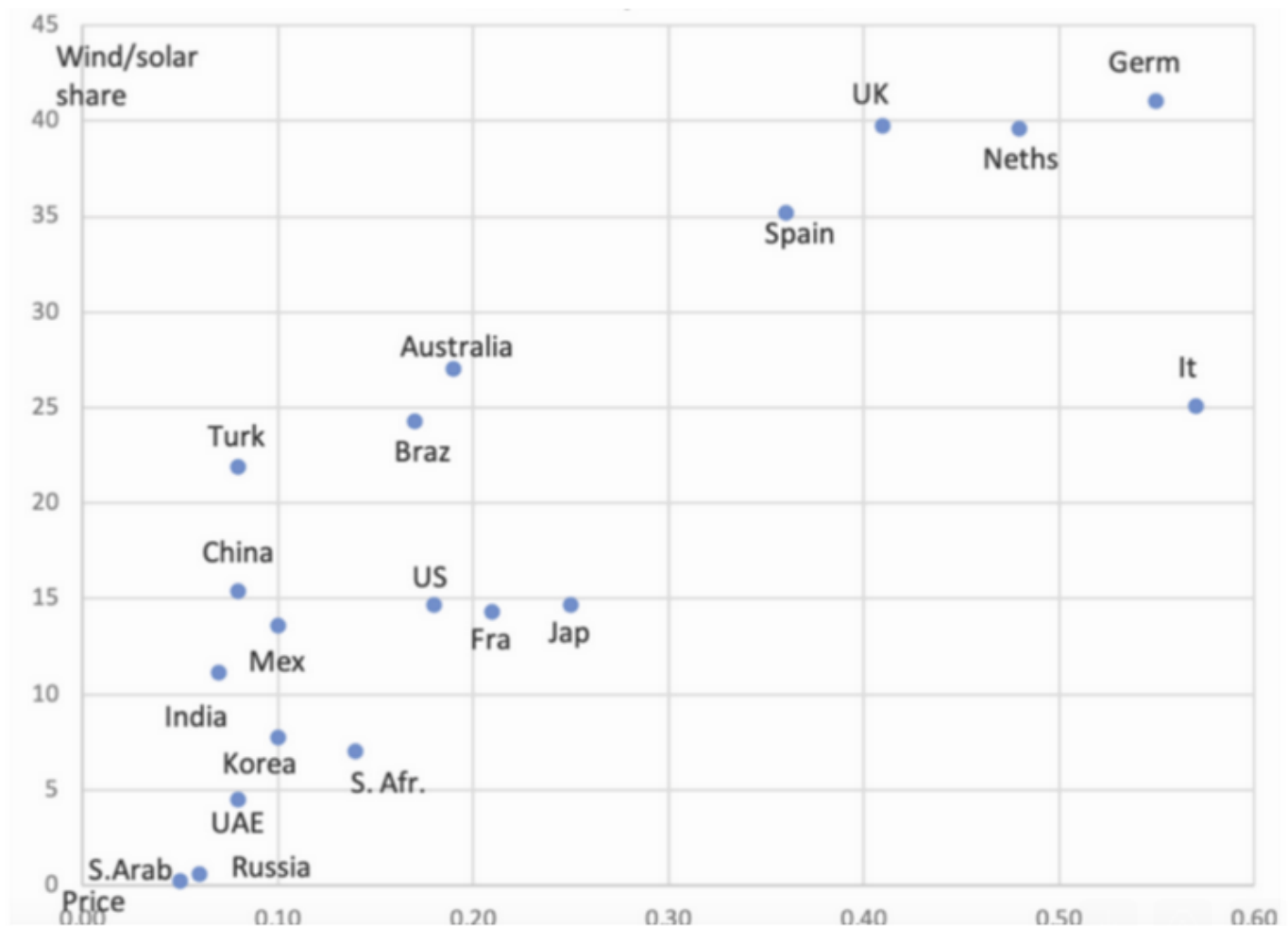
There is an ethereal tenor to forecasts such as these since they neatly invert the actual outcomes we have seen in recent years. Over the past 10 years,

Australia's ex-generator wholesale electricity price has increased from about \$40 per megawatt hour to around \$105. This resulted from the rising requirements for wind and solar to be incorporated within supply and the consequential reduction in coal-powered electricity, causing coal generators to close or operate unprofitably.

Further corroboration of the forced growth in wind/solar within our electricity supply causing increased prices can be seen in cross-country retail price comparisons where higher prices correlate with higher shares of renewables. Simply put, the more renewables, the more we pay.

As well as generator costs, these higher prices incorporate some additional costs of administration and transmission roll-outs, which are required because wind and solar is 'less dense', more dispersed and more difficult to manage than coal and gas. Transmission costs, as well as wind and solar installations, are also being amplified by **rising local opposition**.

The escalating price of electricity is causing a parade of closures or government rescues of metal processing facilities. Recent examples have been Kwinana Alumina and the Ravensthorpe and Savannah nickel smelters in Western Australia; Nystar's lead (Port Pirie) and zinc (Hobart) smelters; and **the Mount Isa copper smelter**.



Energy comprises 30% of aluminium's overall costs, and Australia's four smelters use a tenth of the nation's electricity. The midwife of Australia's smelters, which were formerly world-competitive and the epicentre of national manufacturing, was low cost electricity. All four remaining aluminium smelters are now in hospital care. This is what Australian regulatory arrangements are undermining.

Rio Tinto has announced a likely 2029 closure of its Gladstone Power station, the biggest in Queensland, which is being forced to operate sub-optimally by the economic impact of subsidised wind and solar. This also destroys the economics of the Boyne Island aluminium smelter, which has lined up wind and solar for 80% of its needs. Problem is, less than half of that has firmed-up reliability.

Tomago in NSW is supplied by AGL's Bayswater coal power station, which is due to close by 2033. Energy contracts run to the end of 2028 after which costs will double under present settings.

Victoria's Portland smelter, following escalating electricity costs (partly driven by increased royalties) has been propped up by a Commonwealth/state subsidy since 2021. This is set to expire at the end of next year.

Rio Tinto's Bell Bay plant in Tasmania faces a loss of its captive Snowy Hydro supply once the Marinus link is completed in 2028. The Marinus link will bring a fourfold increase in Tasmania's electricity export capacity to the mainland. It is earmarked to re-assign Snowy's hydro-electricity to "battery of the nation" duties, which will firm-up the subsidised wind/solar that is replacing coal.

For 15 years the Grattan Institute has consistently, and erroneously, forecast prices will fall as a result of coal and gas being replaced by wind and solar. Grattan, like all green dreamers, assumes massive reductions in the cost of wind and solar (and for batteries) over the coming years. But, although major gains have been made in wind-turbine and solar costs over the past 25 years, those gains are now tapering off.

Grattan based its modelling on AEMO forecasts. For the eastern Australian grid (excluding rooftop) a supply 229 TWh of electricity in 2035 is foreseen, with wind/solar needing to provide 192 TWh or 527 GWh per day. [Fekete et al](#) put the storage requirement for intermittent energy at 90 days for the sort of reliability assured by dispatchable plant that is not dependent on weather conditions. Even if we can make do with 20 days of storage, the system would need 110,000 MWh of batteries (current installations amount to 825 MWh).

While battery costs declined by 90 per cent 2010-23, this cannot be repeated. The US National Renewable Energy Laboratory (NREL) projects 2035 costs at \$A375,000 per MWh, (which is 1000 times the cost of storing energy in the form of gas). For Australia, the cost of this is \$4.1 trillion for 20 days' supply (almost twice Australia's GDP) and the batteries would need to be replaced every 10-12 years.

While the Western world has been punished with low growth and deindustrialisation by its pursuit of Net Zero and renewable energy subsidies, China, India and South East Asia have seen their economies surge on the back of coal-and-nuclear based cheap energy. Donald Trump has reversed course, revoking all regulations that favour renewables, thereby also undermining the

possibility of global Net Zero. Japan's Sanae Takaichi will follow suit, as will the UK if Nigal Farage or Kemi Badenoch come to power. Even EU Net Zero stalwart, Polish PM Donald Tusk, has come out against, “too much climate regulation that impairs companies’ competitiveness when others are not doing it.”

But Australia, with government regulatory measures now supplemented by direct purchases of wind/solar under the deceptively named Capacity Investment Scheme, which the Government’s Nelson Review seeks to expand by “providing revenue certainty for 10–15 years to lower financing costs for renewables and storage”. If this current energy folly persists, not only will Australia’s industrial regression continue but the nation will lose the chance of benefitting from the foreshadowed surge in demand for rare earth products.

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