

# Australia's Energy Future

By **DR ALAN MORAN PhD**

*Dr Alan Moran PhD is a noted economist, previous Director of the Deregulation Unit at the Institute of Public Affairs 1996-2014, senior official in Australia's Productivity Commission and Director of the Commonwealth's Office of Regulation Review.*

Andrew Forrest, a climate alarmist who controls the giant Fortescue group, has finally been forced to bow to commercial reality and abandon hydrogen as a future source of energy. Fortescue has reportedly lost \$2 billion in pursuing this will-o'-the-wisp.

Prime Minister, Anthony Albanese, under the spell of Chris Bowen, his Climate Change and Energy Minister, continues to pursue the illusion that hydrogen can provide cheap, safe and reliable energy. In an attempt to remodel the nation's energy supply system, the government is requiring taxpayers and energy consumers to spend some \$16 billion a year on renewables and hydrogen. But reality will surely soon prevail in the hydrogen myth – just as it did forty years ago when converting water into hydrogen was championed by then Queensland Premier, Jo Bjelke-Petersen.

That leaves the field contesting Australia's future energy supply comprising wind and solar; coal and gas; and nuclear.

The notions that wind and solar are the cheapest forms of energy is the official government line. It is held despite the fact that to compete, these energy forms need ever increasing subsidies. Subsidised solar forces a commercial coal plant to operate inefficiently and unprofitably, leading to its closure - we have already seen a dozen of the 60 reliable and firm power delivering coal units in Australia being forced to close.

Work at the Center of the American Experiment shows that once all costs are included, electricity from coal costs \$51 per megawatt hour, from gas \$40-137 with nuclear at \$55. Wind comes in at \$405 per megawatt hour and solar at an eye watering \$704. Solar is more than ten times the



cost of coal, nuclear and gas.

Wind and solar are innately unreliable. The need to firm-up their intermittent supply makes them the most expensive and least dependable energy source. Wind droughts and periods of limp sunlight mean that the only value these energy sources have is a saving on fuel costs. But that saving is dwarfed by the extra costs of renewables – fuel comprises only 5 per cent of the cost of nuclear or coal generators' power. To provide reliable electricity, we need to virtually duplicate any wind and solar supplies with dispatchable power (gas, coal, nuclear or hydro).

For climate worriers, supporting nuclear should be a no-brainer. Not only is it dispatchable and therefore reliable, but it has a safety record comparable to that of renewables and produces even less greenhouse gas per megawatt hour.

The Coalition, fearful of being labelled "climate deniers", has now embraced a nuclear future. While not as cheap as coal in eastern Australia, nuclear is much cheaper than wind/solar. It may be the cheapest source of electricity in South and Western Australia where there is no cheap coal.

The Commonwealth Government recognises the Coalition's pro-nuclear stance

as a threat to its renewables agenda. It would also see it as problematic for many of its financial supporters, especially the union-controlled superannuation funds, which are deeply invested

88-2 in support of a bill to promote new nuclear power by severely reducing the regulatory impediments that have plagued the industry over the past 20 years. Energy Secretary, Jennifer

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in wind and solar facilities. It has launched a propaganda campaign about nuclear safety, which is clear hypocrisy in view of its own sponsorship of floating nuclear power plants in submarines. The government's propaganda is also coming unstuck with reports of a welcome to nuclear plants in areas where it is envisaged.

Moreover, with delicious irony, on the very same day as the Opposition's announcement backing a nuclear future, the United States Senate voted

Granholm, formerly a firebrand pro-renewables politician, has called for hundreds of new nuclear power stations (the US has just 94 at present).

The Opposition has had a long road to its Damascene conversion on nuclear – it was John Howard who, succumbing to green pressure, banned it as an Australian power source in 1998. But Howard and his ministers had an excuse. In 1998, nobody in Australia would have been under any illusion that nuclear generators, with regulatory

excesses and activists' opposition already causing cost escalations, could compete with electricity generated from the nation's virtually unlimited low-cost coal supplies.

However, critics of the policy, like Minister Bowen, are right in saying that nuclear (and the same is true of coal) is a poor complementary power source to intermittent wind and solar. Wind and solar, being weather dependent, need support from supplies that can be rapidly switched on and off and which have a relatively low fixed cost. The high capital cost of coal and nuclear – and even more so batteries - make these too expensive as reserve power sources. Such a role is best performed by gas. But supplies of gas are scarce and expensive in eastern Australia due to government regulations on exploration and government funded activist imposing costs through "lawfare".

Mr Bowen has put a cost of \$387 billion for a nuclear-fuelled Australia in response to which, the Westinghouse Electric Company senior vice president Rita Baranwal quipped, 'I only have three engineering degrees and that math doesn't make sense to me,'; she put the cost at \$110 billion. Mr Bowen has refused to put a cost on his renewables-only policy, but it would be at least \$3 trillion, even if it were feasible, and leave us one third poorer.

Notwithstanding government support for all things green, fossil fuels (with uranium) have powered modern day living standards. And oil, coal, gas and nuclear will power increased living standards for those countries where governments do not regulate them out of the market. Sadly, Australia under present policies, cannot be among those success stories. Hopefully, if Mr Dutton prevails at the next election, Australia will buy time to come to a sensible energy policy founded on coal with some nuclear.

*Dr Alan Moran PhD operates from Regulation Economics <https://www.regulationeconomics.com/>*

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