

Bludgeoning the electricity industry corpse: the government's technology policy

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Compounding the further retreat from a rational energy policy that the government announced last week, this week the government announced the curiously titled 'First Low Emissions Technology Statement'.

The statement flags further interventions in energy supply and elsewhere to reduce greenhouse gas emissions.

I have a critique of the policy proposals in the [Spectator](#), *The low emissions technology statement: a (hydrogen) bomb*. Essentially, the Statement involves an \$18 billion ten-year program of support for:

- R&D and energy funding, the highlight of which is funding hydrogen R&D, the “stretch” goal of which is get hydrogen at \$2 per kilogram in order to displace fossil fuels; even if achievable this would price hydrogen at over \$16 per gigajoule, three times the cost of the natural gas it is supposed to supplant!
- Measures, costing at least \$15 billion, to ameliorate the adverse effects of high cost and unstable wind and solar, now comprising 15 per cent of supply, none of which would have been installed without subsidies; measures include derating the Snowy by converting it to pumped storage facility, the Tasmanian “battery of the nation” link and actual batteries.
- Pouring more money down the rabbit hole of carbon capture and storage, a dead-on-arrival technology designed to soften increases in fossil fuel costs that a carbon tax entails; Australia is a world leader courtesy of largesse distributed to the secretive Global Carbon Capture and Storage Institute by Kevin Rudd and Malcolm Turnbull.
- Holding out the prospect of subsidies to farmers for sequestering carbon in the soil

Johannes Leak brilliantly encapsulated the message.

On the day of the launch the head of Tomago, one of Australia's big three smelters, announced that the policy disaster created by force-feeding renewables into the electricity supply is causing the smelter to fail. This was followed by AGL announcing it is not going to participate in the bail-out of a second smelter, Portland, with a discounted price. It did so partly because the ACCC's Rod Sims was requiring assurances from the electricity suppliers that the price would not be offset by higher charges on other customers. If only Sims and his predecessors had taken such “principled” action with the renewable energy requirements that now impose a \$13 billion a year cost on the nation.

The loss of these smelters is an inevitable consequence of the sabotage of the formerly low cost electricity industry by successive governments, federal and state. Their closure will confirm the nation prefers for deindustrialisation and reduced living standards over the energy intensive industries that would be among the world's most competitive if a market based energy policy were to be followed.

Angus Taylor loyally quoted the Statement's claim that the policies would mean 130,000 additional jobs. That's a preposterous outcome for policies that will add considerable costs – one wag suggested the additional jobs would all be public servant drones.