



CLIMATE CHANGE DOOMED PLANET

burning turbine

Subsidies are Blowing in the Wind

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Victoria Bitter, **Bunnings** and miner **South32** have joined the banks in being the latest to proclaim their carbon free emissions, signalling a certainty, at least from firms' PR departments, that the future belongs to renewables. Nations around the world – the latest being **South Korea** – are committing to carbon neutrality thirty years hence.

One of the few pure wind plays is Hepburn Wind. In 2020 the business earned \$111.5 per MWh in energy revenue, 37 per cent of which came from the subsidy from generation certificates. This level of subsidy is seen elsewhere – the US subsidy for wind and solar is estimated at 50 per cent.

CSIRO and the Paris based **International Energy Agency** (IEA) are declaring solar/wind to be the cheapest source of power. Yet, **lobbyists** are estimating a €50 per tonne 2030 carbon price (at over \$A80 per MWh nearly double the total cost of supply from coal generators) when, if renewables were competitive, no such subsidy would be earned. How can this be?

The answer is that there are very limited circumstances in which wind and solar could be close to coal in terms of cheapness. Those circumstances rely on customers making use of the wind and solar when it is available not when they need it. Even then, at least in Australia, a coal-based system like that which governments have spent the past two decades undermining, would still produce electricity cheaper than wind/solar.

This sets the framework for the new faultline of politics.

Led by Craig Kelly, large numbers of Coalition MPs plus minor parties are aware of the economic demise renewable subsidies bring, most Coalition

members support a subsidy to carbon emission reductions and technology assistance for low cost emission-light energy sources. The “Turnbull Liberals” support NSW Energy Minister **Matt Kean**, who this week launched a report by the left wing Australia Institute calling for more renewables subsidies, which would supposedly promote growth and stop bushfires.

At the same time, a minority of Labor politicians, representing coal constituencies, are seeking to dilute the preferential treatment for wind/solar that the party supports. These MPs are supported by **Australian unions** representing coal and gas workers, in calling for Labor to support those industries.

The outcome will depend on the US Presidential election. A victory for Biden will resurrect the Obama Paris Agreement on climate change and bring even greater pressures on all nations to curtail emissions. A Trump victory will bring the dismantling of the Paris Agreement as a US fossil fuel powered economy progressively outcompetes others in the developed world and gives licence to China, India and other third world countries to adopt the cheapest forms of power.