DOOMED PLANET

wind turbine quixote

The $16B Quest for a Spine

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The Coalition's rejection of Net Zero greenhouse gas emissions is part of a global receding of nations' appetites for measures that demonstrably undermine their economies. This is illustrated by the Paris-based International Energy Agency (IEA), a leading promoter of such measures, having been forced to restore reality, rather than ideology, in its published annual forecasts of energy growth and its composition. It has bowed to US Energy Secretary Chris Wright, who threatened to defund it unless it ceases shilling for renewable energy.

The IEA's focus in the past 10 years has been "the energy transition". Globally, the share of investment in "clean energy" rose from 45% in 2015 to today's 65%. But in 2024, oil, coal and gas supplied 82% of global energy, down only slightly from 85% in 1974.

The Ukraine War gave the IEA fresh ammunition for the wind and solar push for which its Secretary General used the catchy phrase, "nobody can take solar and wind hostage". This overlooked several factors. Among them

- ♦ that the wind turbines and solar panels eventually need to be replaced and the overwhelming dominant source is China

- ♦ their low-density power means, in Australia, they will always cost twice as much as coal

- ♦ their low density (availability is only 20-30 per cent of the time) means a threefold increase in transmission lines at a cost of $100 billion with their associated visual intrusion and loss of productive land.

Above all, the intermittent nature of wind and solar places supply in a perpetually precarious position; this requires back-up in the form of battery or other storage, which for Australia would cost a minimum of three times GDP and would need replacement every dozen years. Even if all went well, the batteries alone would require over one-third of annual national income with each Australian contributing $28,000 a year. Climate fanatics are blind to the simple arithmetic behind the subsidy-turbocharged green illusion.

And so we come to the tentative steps the Coalition is taking to extricate the nation from high-cost energy and consequent deindustrialisation. The change of heart for some MPs represents a response to their reading of the electorate.

The apoplexy from Labor, Greens and Teals is revealing. Bizarrely, the PM reckons abandoning Net Zero hurts our Pacific relationship when Indonesia is in the midst of a smelting boom, which has already knocked out Australian nickel, on the back of its massive increase in coal supply. Chris Bowen declared the Liberals are stuck in the past with their, "chaos denial and delay". He added that Labor has lifted renewables to power half the grid and that this is "working to bring down electricity prices". But, in saying, "Australians will pay for (the Liberals policy change)", he was perhaps subconsciously terrified that they had fumbled their way into adopting a political winner.

However, for the Coalition to take this first step is the easy part. Mending the damage caused by government energy policy would need to start with withdrawing the subsidies, all of which have powerful lobby support. At the Commonwealth level, the subsidies to "clean energy" come to some $16 billion a year and include Appropriately, those sums are rendered in red ink:

♦ Large-scale renewable energy power stations (LRET): **$400 million**

♦ Roof top *Small-scale Renewable Energy Scheme* (SRES) and batteries: **$2 billion**

♦ The Safeguard Mechanism: 30 % emission reduction for the top firms: **$1000 million**

♦ The Clean Energy Regulator: **$750 million**

♦ Renewables and batteries under the Capacity Investment Scheme: **$5,700 million**

♦ Hydrogen Headstart: **$130 million**

♦ Expansion of transmission: **$510 million***

♦ Clean Energy Finance Corporation: **$1.3 billion**

♦ The Australian Renewable Energy Agency (ARENA): **$100 million**

♦ Snowy 2.0 ($20 billion): **$1.3 billion**

Other than these energy-supply measures, a host of other, additional distortions include subsidies for electric vehicles and building codes.

Removing energy subsidies would stop new renewable developments and might accelerate some wind and solar farm closures. Indeed, doubtless in part due to existing uncertainties, no major new facility has reached financial closure this year and few, even of those that have obtained government contracts under the Capacity Investment Scheme, have secured finance.

Aside from the benefits of terminating the subsidies, other offsetting savings would be made in closing down the public service industry advising, regulating and promoting renewable energy. But the 10,000-plus individuals (costing taxpayers about $1.5 billion a year) thus employed would themselves represent a powerful lobby against the return of a responsible and rational energy policy.

Matt Canavan has argued for state-sponsored coal developments, saying there are ‘virtual power stations’ locked up in coal stations currently being operated below capacity as a result of subsidised wind/solar. At present, coal generators operate at about half capacity, compared with over 80% at the turn of the century. Given stinted investment as a result of renewable subsidies forcing the coal generators to operate uncommercially, it is doubtful that they could now operate at more than 75 per cent capacity — but that is still a potential 50 percent increase in output. This could be achieved by curtailing wind and solar by stripping their subsidies. But would the Coalition be prepared to accept the short-term lift in prices this would entail or resist howls of “sovereign risk” and a perforated bubble in renewable energy investments’ value, causing losses that would extend to its own Clean Energy Finance Corporation (CEFC) and to the superannuation funds that have been recklessly investing in wind and solar?

Governments’ 25-year distortion of the energy market via discriminatory taxes and subsidies punishing coal and gas has long-term implications. To restore provision of low-cost power, this history would require government itself building new coal and, possibly, nuclear facilities, as a simple indemnification guarantee to private owners might not be considered sufficient to allay their risk.

Government owned facilities inevitably become less well managed than those of the private sector – illustrated by the privatisation of Victoria’s electricity industry which resulted in a workforce numbering less than a fifth of that previously in place. But to restore private ownership would first require a consensus against a re-assertion of policy distortions.

Replacing the wind/grid solar facilities might require six 1000-MW coal generators, some of which would be built near existing facilities; others might simply entail refurbishing existing plant. This would avoid costly delay on spurious grounds like protection of a mythical blue-banded bee, a rare sea snake or said-to-be-endangered tree frog. Costs would likely exceed $20 billion (more if a nuclear plant were to be included) – a considerable amount but modest in comparison to the $16 billion a year that the renewable energy already imposts entail.

Having made an in-principle decision, consequent policy details need to be determined but it would seem unlikely on recent performance the Coalition has sufficiently capable people with gumption to grasp the nettle and do what needs to be done in the national interest.

** The total cost of expanding the grid, were it to be fully implemented, could run anywhere from $23 billion to $100 billion*

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