

Renewables: an expensive nightmare to nowhere

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Plans for the elimination of coal require increasing regulatory measures and ever-escalating levels of government spending.

Federally, the ALP has built upon the measures introduced by the Turnbull and Morrison governments with increased funding for ‘Clean Energy’ projects, the Safeguard Mechanism (requiring the biggest 215 electricity users to reduce their emissions by 30 per cent by 2030), and the Capacity Investment Scheme (CIS) which provides subsidies

to developments that add 'firming' capacity to improve the reliability of the weather and daylight reliant wind and solar.

Climate Change and Energy Minister, Chris Bowen, won't say how much the CIS contracts are costing. He says that's because the government does not want to alert suppliers about the level of subsidy they would find acceptable – or as he said to a gullible [ABC](#), 'Now when you're putting a house on the market you don't issue a press release saying, "This is what we expect to get."'

Well for a start, house sellers usually do offer some ballpark expected price. But in any event, the Minister's answer, taken at face value, indicates a woeful misunderstanding of how business works: there are lots of different tenders, each looking to win the projects on offer, so the government revealing its price expectations is irrelevant. Or perhaps Mr Bowen thinks the suppliers will collude, which would represent a profound ignorance of competition law and the role of the Australian Competition and Consumer Commission in policing it.

Of course, the government's main concern is to hide the punishing costs involved in preventing intermittent wind and solar from crashing the electricity supply system. In this respect, he may have had a rude awakening with the UK experience of seeking to firm up wind and solar with [green hydrogen](#). The average price the UK government is paying for the 11 projects it has contracted is £241/MWh or \$460/MWh and this excludes the cost of storage! Subsidies to renewables and the consequent closures of coal power stations have already caused wholesale Australian electricity prices to double from less than \$50/MWh. But hydrogen, as a firming supply, comes at a cost fivefold the current price.

Hydrogen is also one of the plethora of energy sources favoured by the Commonwealth, which has committed \$2 billion to its 'Hydrogen

Headstart' program. The Australian Renewable Energy Agency (ARENA) has listed [six projects](#) as applicants for support from taxpayers, with two already having received substantial funding.

Though batteries are better-proven than hydrogen for firming up renewable supply, they also come with a steep price tag.

The world's largest facility costs [\\$A2.1 billion per GW of storage](#) and, to replace expected coal generator closures, the government wants to help finance [9 GW by 2030](#). That means \$19 billion. But to replace the coal generators envisaged to be closed requires 9 GW every 8 hours or 70 GW and, once contingencies and margins for wind and sun droughts are included, at least 400 GW. Moreover, as the batteries are envisaged to be charging and discharging on a daily basis, they would need replacing every 2-3 years. In Australia, the coal generators require no storage. They are located on coal deposits, and have an almost infinite supply cushion.

On top of these costs to 2030, the plan is to get rid of the rest of the coal generators by 2050 and the proposed replacement of the existing vehicle fleet by EVs will require a 50 per cent expansion of the electricity grid.

Bowen is not as ethereally besotted with renewables as some green ideologues in Victoria and the ACT, who want no gas or coal. He has retained sufficient hard-nosed advisory staff to be informed that wind and solar intermittency will create increasing reliability difficulties as their share of the total supply increases. Hence, he sees the need for [gas](#). This accords with the business interests of [Twiggy Forrest](#), his fellow true believer in a hydrocarbons-lite future. Bans on new East Coast gas production are creating a business opportunity for West

Australian gas, and savvy individuals are seeking to build gas import terminals on the East Coast.

Victoria won't have a bar of gas and has thwarted such moves by weaponising its environmental laws to prevent an import facility. In a tit-for-tat measure to place pressure on Victorian Minister, Lily D'Ambrosio, the Commonwealth is applying its own environmental laws to ban facilities that would service offshore wind farms and has now rejected Floatation Energy's offshore windfarm proposal, which was financially supported by the Victorian government.

All of this is a sad reflection on the parlous state of politics in Australia.

While renewables can never be commercial as energy supplies, their costs increase exponentially with the share of the market required by government subsidies and regulations. The politicisation of energy has given rise to costs that will continue to accelerate with the mounting level of market interventions to replace coal with wind and solar. There is no possible route to a workable wind solar supply and the further governments pursue this, the higher the costs. At the very least this is causing national deindustrialisation with profound effects on living standards.