



14 Oct 2016

Herald Sun, Melbourne

Author: Alan Moran • Section: Business News • Article type : News Item

Classification : Capital City Daily • Audience : 331,715 • Page: 58

Printed Size: 281.00cm<sup>2</sup> • Market: VIC • Country: Australia • ASR: AUD 15,603

Words: 545 • Item ID: 671424105

isentia.mediaportal

Licensed by Copyright Agency. You may only copy or communicate this work with a licence.

Page 1 of 1

# GREEN, FICKLE AND PURELY FOR POLITICAL GAIN



**ALAN MORAN**

**W**HILE Victoria retains a coal-based electricity supply, wind and solar provide 40 per cent of South Australia's market.

That's the highest share in the world for a system that can import only about 15 per cent of its needs (in South Australia's case from the maligned but dependable coal-based Victorian suppliers).

Two weeks ago storms brought down South Australia's electricity supply. Last week, Victoria saw similar storms temporarily bring a localised shutdown of just 1.4 per cent of the state's connections.

While South Australia's initial problems might not have been caused by wind generators, they certainly were culpable in short-circuiting the entire state and the market operator quickly

reclassified nine wind farms as unreliable.

Not only has wind generation lumbered South Australia with unreliable electricity but this has meant the state's consumers pay twice as much as Victorians for their electricity.

Chastened by its experience, South Australia is reconsidering its aspirations for wind but Victoria is unfazed. The Andrews Government has set a 40 per cent renewables goal by 2025.

That's up from the existing 14 per cent and represents a doubling of the target set only last year.

One indicator of the expense this entails comes from Germany, where a renewables goal of only 30 per cent is estimated to cost \$37,000 per household.

Victoria's Energy Minister D'Ambrosio is right when she describes Victoria's target as "ambitious".

It would require more than 2000 giant wind turbines in addition to the 600 presently operating.

But, attracted to the idea of winning back green voters and at the same time tapping into political donations from renewable energy businesses, the Andrews Government is seeking to replace the highly reliable low-cost electricity supply system based on four giant coal plants in the Latrobe Valley.

No owner of a fossil fuel plant in Victoria will spend serious money on maintenance because of the subsidies paid to those plants' renewable competitors and

government hostility towards coal. Once something major breaks in a coal generator, it will close.

Hazelwood, which provides a fifth of the state's electricity, is particularly vulnerable and rumour has it shutting down next year.

This might coincide with a mothballing of the Portland aluminium smelter.

Because Portland uses 10 per cent of the state's electricity, although its closure would be a further step to the state's deindustrialisation, at least it may prevent skyrocketing electricity prices.

Annual spending on renewable programs in Australia is \$3.7 billion by the Commonwealth and \$1.2 billion by state governments (about \$440 million for Victoria).

That's nearly \$5 billion a year being spent to actually reduce the electricity system's reliability.

This is set to rise. Commonwealth programs aim to get a 23 per cent renewables share of electricity supply by 2020.

Additional hydro is prohibited so this means raising the current share of wind and solar to about 15 per cent from the present level of 6 per cent.

In addition to the expense the Commonwealth's own policies entail, Energy Minister Josh Frydenberg estimates that if the states (primarily Victoria and Queensland) were to achieve the additional goals they have set, this would add another

\$41 billion in worthless capital expenditure.

It is unfortunate for Australia that energy policy sacrifices the public interest for political gain.

**ALAN MORAN IS WITH REGULATION ECONOMICS**