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# IT'S TIME LABOR CAME CLEAN ON COST OF RENEWABLES

JOSH FRYDENBERG

*Hot air, not wind turbines, is powering the opposition's expensive energy policy*



Opposition climate change spokesman Mark Butler hit the airwaves this week as part of a campaign to alleviate the public's growing concerns about Labor's energy policy.

But despite endless opportunities to do so, he would not deny that Bill Shorten's 50 per cent renewable energy target would lead to higher electricity prices.

Now is the time to debunk Labor's myth-making and expose the true cost that its energy policies will have on Australian households and businesses.

- Myth 1: Power prices will be cheaper under Labor.

No one can believe this. Electricity prices in Labor's last six years in office grew by more than 100 per cent, faster than any other OECD nation. Today Labor has adopted a trifecta of policies sure to do the same.

The combination of a 50 per cent RET, an emissions intensity scheme and the forced closure of Australia's 24 coal-fired power stations — all Labor policies — will create a perfect storm that will hit energy prices, security and the country's competitiveness.

Researchers at Bloomberg New Energy Finance have costed the Opposition Leader's RET at \$48 billion — that is more than \$5000 a household.

The Australian Energy Market Commission has found that the RET "has the highest cost of abatement" of the options it considered. As the RET applies only to renewable technology, it "does not reward switching from high emission fuels to those with lower emissions" such as supercritical coal and gas.

Despite being opposed by the AEMC, Australian Energy Council, Grattan Institute, Business Council of Australia and others, Labor joined with the Greens to encourage the forced closure of coal-fired power in Australia, which provides more than 60 per cent of our electricity needs.

This method, the AEMC said, could cost consumers up to \$24bn.

If the announced closure of Hazelwood is anything to go by, where Victorian households will pay up to \$135 more this year for their power bills, then this Labor policy further exposes this myth.

In addition to their RET and forced closure policies, Labor wants us to believe that their commitment to an emissions intensity scheme will not affect prices. But last time they promised a trading scheme we ended up with a \$15bn carbon tax. Why would this time be any different?

- Myth 2: "Renewable energy has nothing to do with the problem" in South Australia, it "is really a product of the gas market".

This is disingenuous in the ex-

treme as the only reason gas is increasingly setting the price of electricity is because wind and solar in South Australia forced the closure of coal.

It is no coincidence that with the highest penetration of wind and solar in the country, providing more than 40 per cent of its electricity, South Australia has the highest power prices in the national electricity market, 62 per cent above the average, and the highest rate of disconnections.

Unfortunately it is the low-income households in South Australia that are bearing the greatest burden as Labor's "big experiment" — that's what South Australian Premier Jay Weatherill

calls it — goes wrong. According to the Australian Energy Regulator, a low-income household in South Australia spends 5.2 per cent of its disposable income on the electricity bill.

That's almost double that of a middle-income household and five times that of a high income household earning more than \$160,000.

While it's true we need to strengthen our gas market, it would be better for Butler to convince his Labor colleagues in Victoria and the Northern Territory to lift their moratoriums.

In the Northern Territory alone, there are estimated unconventional gas reserves so large that they could meet our nation's domestic gas needs for up to 180 years.

- Myth 3: Without a 50 per cent RET, "we will simply not be able to achieve the commitments we made ... at the Paris conference".

Much to Labor's chagrin, the



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Coalition has proved this wrong. Numbers released last month show the Coalition is on track to beat its 2020 target by 224 million tonnes, a 187 per cent improvement on previous projections. This is in stark contrast to the projections when Labor was previously in office, which showed it missing the target by 755 million tonnes.

When it comes to the 2030 target, the numbers also show an improvement in our position by almost one billion tonnes due in part to energy efficiency and better land and agriculture outcomes.

Technology will be key to meeting our targets, among them carbon capture and storage, batteries, smart meters, more energy-efficient buildings and appliances. That is why the government is devoting significant resources to these areas.

- Myth 4: Labor's renewable energy target will create more jobs than it will lose.

Most recent Australian Bureau of Statistics data shows only 14,000 full-time direct employees in renewable energy activities, more than half of them in the rooftop solar industry.

But the almost one million employees in Australia's manufacturing sector, among them food processing, aluminium, steel and cement, are feeling the pain of higher electricity prices, a serious threat to jobs and investment.

Butler claims Labor will create 28,000 jobs in renewables. We haven't seen the details, but if this claim was accepted, it equates to about \$1.7 million per job under Shorten's \$48bn RET.

- Myth 5: "Countries like China are already starting to wind back their coal-fired generation."

According to the International Energy Agency, this is simply not true. In its 2016 World Energy Outlook, the IEA said "coal remains the backbone of the electricity system in China" and "coal use in China has not peaked yet". China's 13th five-year plan will add coal-fired capacity equivalent to more than 100 Hazelwoods.

Meanwhile, India's coal-fired fleet is projected by the IEA to increase 136 per cent to 2040. The equivalent of 30 Hazelwoods is under construction now.

It's time Labor's myths were exposed and the party came clean on the true cost to consumers of its energy policy, which is threatening jobs and investment and punishing households.

In contrast, the Coalition is adopting a more measured way to transition to a lower emissions future while implementing reforms to the gas market and electricity system that maintain energy security and affordability as our fundamental priorities.

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*Josh Frydenberg is Environment and Energy Minister.*

**Electricity prices in Labor's last six years in office grew by more than 100 per cent, faster than any other OECD nation**