

Blackouts throw spotlight on national energy crisis

The Australian editorial, 10 February 2017

When power was cut to 90,000 homes in South Australia on Wednesday night the deliberate blackouts — or load-shedding — shone a bright spotlight on to an emerging national crisis of electricity security and affordability, and a tempestuous fault line of political debate. In a complex area of technical, policy and political issues there are some clear facts that should be stated at the outset. Expensive and unreliable electricity in SA is a result of deliberate government policy decisions made at state and federal levels. The national and state-based targets and subsidies for renewable energy have unavoidably and intentionally undercut the viability of coal-fired and gas-fired generation, thereby pushing prices up and security down. If the headlong rush to high levels of renewable energy proceeds in other states — Victoria is aiming for 40 per cent, Queensland for 50 per cent and, as we have reported, the Western Australian Labor opposition is now backing away from a planned 50 per cent target — the cancer will spread. Already Victoria faces price increases of up to 10 per cent along with increased vulnerability of supply because of the impending closure of the Hazelwood coal-fired generation. So the current policies are acting against the interests of consumers, business and the nation.

Two days ago in Canberra, Malcolm Turnbull started to play himself into political form when he mocked Labor's environment spokesman Mark Butler, who hails from South Australia, about his commitment to a national 50 per cent renewable energy target despite his home state's electricity woes. "I think he has got (a home generator) hidden there under a tarp in the garage," the Prime Minister jeered, "because he knows that, in that socialist paradise, you cannot keep the lights on." As if to amplify this political attack, barely 24 hours later the wind stopped blowing on a stinking hot Adelaide day and, without immediate additional supply available, the market operator protected the system by ordering load-shedding. It was the latest breakdown in a string of blackouts — including the disastrous statewide blackout five months ago — that have demonstrated the feebleness of the state's electricity system. With more than 40 per cent of its power coming from renewable energy (on the way to a target of 50 per cent) there are days when upwards of 75 per cent of its electricity comes from wind turbines and times when it can crash to zero. The trouble is baseload power from coal has been priced out and shut down, while considerable gas generation has also been mothballed. SA consumers are entitled to be doubly infuriated, knowing they pay some of the highest prices in the world for their unreliable power, with average costs 40 per cent above the rest of the county.

SA Premier Jay Weatherill seeks to blame everybody except himself. He believes the market operator should have ordered gas generation from Pelican Point, even though it would have taken four hours to come on line. (Ironically, Labor opposed this power station in the late 1990s.) When Labor came to power in 2002, it claimed to be seized of these issues, promising to build an electricity interconnector linking to NSW. In the ensuing 15 years the state government has pursued and championed its push for wind energy and rejected proposals to keep coal-fired stations running as crucial baseload infrastructure. The renewables have made SA increasingly reliant on the transmission of coal-fired power from Victoria; and on wind. All of this has been known for years and was spectacularly evident over recent months; as has been the understanding that heatwaves create the demand crunch. Yet the state and the national market went into Wednesday's scorcher without ordering extra input from gas generators (when the wind is blowing they can't compete). So when the wind dropped the state was caught short and homes and businesses had their power cut in the heat. This will happen again. And if

Victoria and Queensland adopt their targets they will also get the price spikes and Third World reliability. In the midst of this economic self-harm, Bill Shorten is promising that Labor would introduce a 50 per cent national renewable target. If it were not so serious it would be laughable that a nation producing only 1.3 per cent of global carbon emissions would be doing this to itself in a gesture that can have no discernible impact on the world's climate.

Little wonder Mr Turnbull is going in for the kill — he is using the SA “experiment” to condemn Labor's federal goals. But the trauma afflicting South Australians is occurring under current national policy. It has been exacerbated by the state government's foray into fashionable targets but the subsidies for wind come entirely from the federal RET scheme. This target was adopted by Labor in 2009 with bipartisan support. Due to lower than expected demand it was reduced by a small amount under Tony Abbott in 2015, also with bipartisan support. So while Labor promises a massive and uncostered expansion of this policy, the current dilemma is owned by the Coalition too. Yet it is standing by the RET. The only solutions it offers now are medium to long-term measures to back clean-coal investments and more exploitation of gas reserves. Meanwhile more wind turbines will be installed to take advantage of the existing RET.

Mr Weatherill now suggests his state will go it alone. This is a hollow threat because he has made his state more reliant on interstate power than ever. When Hazelwood closes in Victoria and that state chases its renewable goals, the baseload generation that currently saves SA will also become more expensive and less reliable. While Australia exports cheap and reliable energy — world's largest coal exporter, third largest of uranium and soon to be largest liquefied gas exporter — we are crippling ourselves with higher power costs and depleted reliability. The Prime Minister is right to warn about dire consequences from Labor's policies but he must do more in the here and now to correct the current shambles.