The ever-receding mirage of cheap renewables just faded from view

By Maurice Newman, The Australian, 28 March 2017

On June 30, after 12 years of “advancing climate change solutions”, the Climate Institute is closing its doors, a victim of the “I’ll ride with you but won’t pay” industry. You would think that Cate Blanchett, so happy to appear in the institute’s ads, could have taken the hat around her Hollywood A-list mates, such as Leonardo DiCaprio, Bono, Emma Watson and Brad Pitt, to tip in a few hundred thousand a year for the cause.

But alas, the caravan has moved on and the greatest moral challenge of our time is now the Trump White House. For celebrities who fly eyebrow groomers to the Oscars, climate change is kinda yesterday. Still, to humour the faithful and to keep the dream alive, the 10th anniversary of Earth Hour was celebrated last Saturday night. You didn’t notice?

The ABC did not suspend broadcasting. Nor did it bring audiences joyous messages of hope that, with rising CO2, the planet was able to feed more people than ever. That despite global population growth, fewer people now lived below the international poverty line. Perhaps it will run stories of selfless South Australians, whose government financially supported the Climate Institute, stoically accepting unplanned power outages as a noble sacrifice and sure-fire way of reducing CO2 emissions. South Australians can surely take a bow as the nation’s most virtuous citizens.

But for how much longer?

On March 31, the Hazelwood coal-fired power station, which generates 25 per cent of Victoria’s electricity, is scheduled to close, leaving Victorians precariously dependent on unreliable renewable energy and unpredictable surpluses from neighbouring states.

This should be enough to seal the fate of the energy-intensive Portland aluminium smelter, already facing closure from power interruptions and rising power prices. Along with Point Henry and Kurri Kurri and, probably the struggling Boyne Island smelter, (also a victim of increasing power costs), Australia’s six smelters are likely to become two, with 14,000 direct jobs lost in the process.

The Climate Institute had a hand in the destruction of these CO2 emitters and consequent job losses. It “helped expand the renewable energy target in 2008, save the Climate Change Authority after the (Abbott) election and, build bipartisan support for Australia to ratify the Paris climate agreement in 2016”.

Not mentioned was Australia’s transformation from one of the world’s cheap-energy economies into one of the most expensive. Household bills have doubled in a decade. Yet the institute claims that “three-quarters (of those it polled) see economic benefits owing (sic) from leadership on climate change and energy policy, including new jobs and investment in clean energy”.

Really? Who did it poll? Evidently South Australian Premier Jay Weatherill was one.

Smiling through the tears and, with an eye on elections next March, he announced a $550 million “dramatic intervention” to include a twice-the-cost-of-coal gas generator and battery store, all powered by long-suffering SA taxpayers. It seems US rent-seeker Elon Musk may
provide the battery technology that MIT Technology Review claims “depends on technology that doesn’t yet exist”. An associated grid upgrade is not mentioned.

Unlike Weatherill, the European Commission is waking up to the unhappy macro-economic effects of renewable energy, particularly on manufacturing and job creation. Accordingly, ageing European coal generators are receiving increased taxpayer subsidies, disguised as “capacity payments”. Germany is building 12 new plants. And, according to The Guardian, there is a likelihood that priority dispatch for clean energy will be scrapped from the EU’s 2020 renewable energy directive.

Add to this the likely withdrawal of the US from the Paris climate agreement, China playing to the crowd but with no commitment until 2030, India’s caveat that signing was “in the context” of its development agenda, and you quickly realise that Paris was always a “good faith”, not a legally binding, exercise.

Scientists fret about this. They know in today’s realpolitik the will to tackle climate change is weakening. It’s not only celebrities who see it as “kinda yesterday”.

They also worry that global temperatures have recorded no measurable increase since 1998, despite human emissions increasing by a third. In desperation, some manufacture fresh warming scares to keep pressure on the political class. For example, NASA named 2014 the hottest year ever, but under pressure admitted it was “only 38 per cent sure”.

The National Oceanic and Atmospheric Administration deemed 2016 the hottest on record, even though it lacked data for half the world’s land surface. Finally, a whistleblower fessed up that the temperature records were “adjusted” with the Paris climate meeting in mind.

Sadly, deception has been a feature of climate science. We’ve had Climategate 1 and 2, Himalayagate, Amazonagate and “homogenised” temperature records where key algorithms are withheld. We’ve had false claims of scientific consensus. It seems this duplicitous culture is deeply embedded.

The political class, attracted by the authoritarian potential of climate change and, with rent-seeker encouragement, has long ignored this evidence.

But lately the world’s largest emitters are finding that the laws of the market are more reliable than climate science and renewable energy. As energy economist Alan Moran cuttingly observes, “the imminent arrival of cheap renewables — three decades of an ever receding mirage”. Now, with economic reality knocking on their domestic doors, governments have little choice but to act local while spinning global. Karel Beckmann, editor of European Energy Review, estimates, worldwide, 1500 coal-fired generating plants are under construction or are in the planning stage. Japan has 45.

In Australia it’s a pipe dream. Rather than embrace cheap coal, better we resort to nostalgic, uncosted, inadequate Snowy Hydro solutions. See South Australia and you glimpse our future. The Climate Institute’s job is largely done.