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Renewable Energy

Guy Pearse

February, 2011

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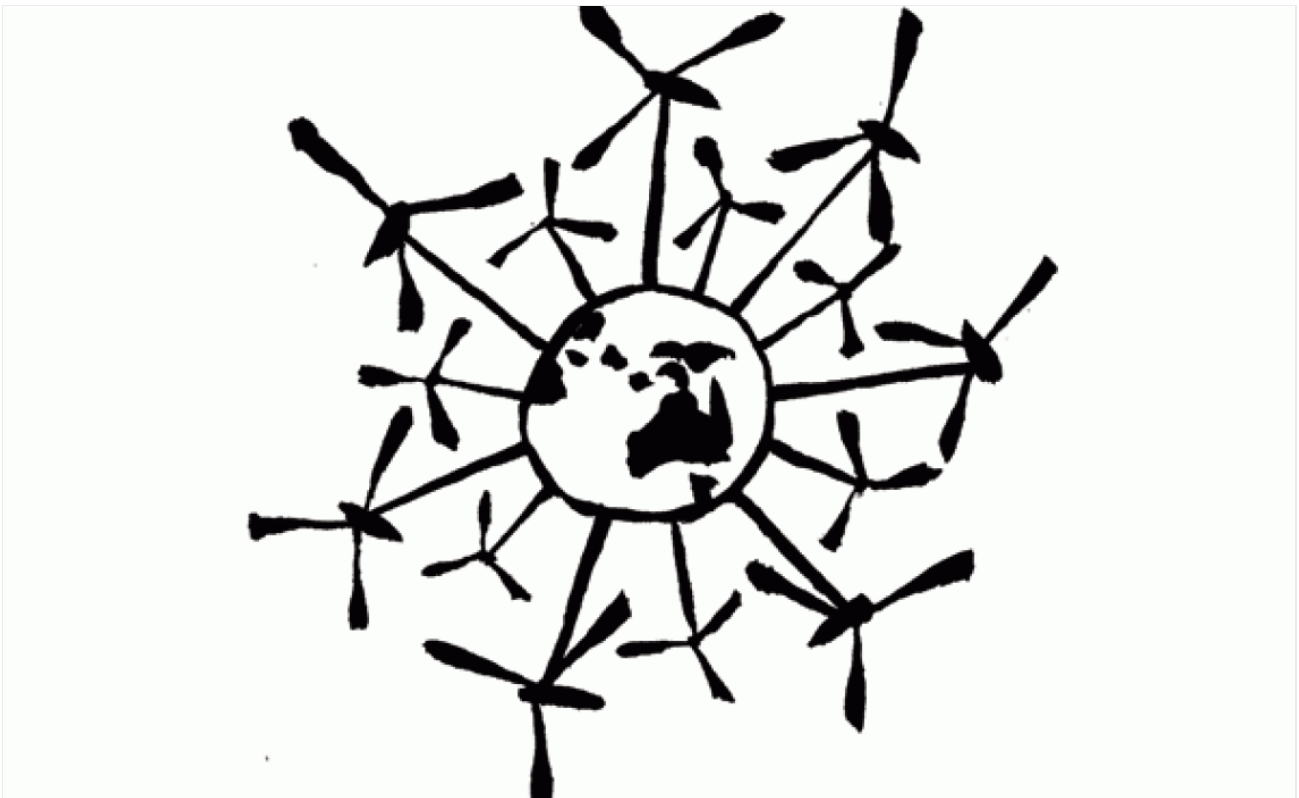


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systems rolls from the west across Australia's south bringing some of the world's best wind energy. As serendipitous, most of these (and other) renewable resources lie in our most arid, sparsely populated and unproductive areas. Coal reserves – which might last us another 100 years – took nature 250 million years to produce, while our 'renewable reserves' would last that long and then some.

As for using them, the revolution has been a long time coming. Thirty-three years ago, long before climate change was a major concern, the Whitlam-led Labor Party promised “a long-term sustainable energy economy” and “a gradual and planned shift to renewable energy resources”. Australians were promised “a strong program of energy conservation”, “careful use of fossil fuel reserves as a bridge to the longer-term future” and “increased attention to alleviating the environmental effects of fossil fuel use”.

Decades on, transition to renewables looks to be underway. Last financial year \$1.8 billion was invested in new renewable projects, 17 industrial-scale projects began operations in 2010, and 11 more are under construction, including Australia's largest wind farm. In mid 2011, in pursuit of a 20% [Renewable Energy](#) Target (RET) by 2020, the federal government will announce funding for two large-scale 'solar flagship' projects. Small-scale action is even hotter in the suburbs, where the [Clean Energy](#) Council quips that solar power is becoming “the new Aussie Hills hoist”. More than half-a-million homes have solar hot water and, by October last year, the 105,000 rooftop photovoltaic systems added in 2010 were over ten times the previous decade's annual average. Another 840,000 consumers also buy accredited 'GreenPower'.

Undoubtedly, many Australians are salving 'affluenza' with green consumerism – defining themselves (and perhaps others) by the climate-friendliness of purchases – but it's not all eco-narcissism. Many genuinely think deep emission cuts by the nation are possible if enough individual consumers act. Governments fuel this faith with advertising campaigns linking household actions with black CO2 'balloons', and by funding solar hot water and power installations, energy efficiency audits, and insulation – not to mention thousands of 'solar schools' and even 'solar kindies'. Subtly but surely, it's shifted responsibility to cut emissions from industry and government, onto consumers.

Now, suddenly, government is 'taking the heat out of the market' as if the clean energy revolution is out of hand. Less than a year after the NSW government established a feed-in tariff paying 60 cents per kilowatt hour of renewable electricity generated by householders, the rate paid was cut by two-thirds without warning. Federal solar hot water incentives have been slashed by almost half, householder solar power subsidies are being cut and will finish a year earlier than planned, “Green Start” energy

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audits were scrapped six months after being announced, and the grand plan to insulate 2.7 million homes has been abandoned. The new message to consumers is: Go green – but not so many of you at once.

The U-turn is driven by a voter perception that ‘climate action’ is inflating electricity bills. A 30% increase in power bills coincided with the solar installation rush, leading some to assume that high-cost renewables for the few pushes up electricity prices for the many. In fact, the big reason for rising power bills is the estimated \$100 billion cost of upgrading electricity generation and network infrastructure over the next decade. Climate inaction is having a big impact too, with uncertainty about emissions targets and carbon pricing fuelling an energy investment drought. By comparison, small-scale renewable installations have a tiny effect.

Still, they make a convenient scapegoat for an ALP cognisant that giveaways to green-minded voters haven’t stopped half a million of them defecting to the Greens. Having fuelled an eco-binge by householders, Labor is now dealing with the hangover. The unexpected popularity of incentives is a budgetary headache, and the perception that they increase power bills is a political liability that makes the unfinished business of pricing carbon even harder. Labor seems intent on recapturing the defectors by legislating that unticked box from which Kevin Rudd walked away. Since Climate Change and Energy Efficiency Minister Greg Combet started rolling back eco-incentives, the praise heaped on him by the *Australian* suggests that the more Labor clears from its decks, the broader support it can build for a [carbon price](#).

Meanwhile, no one dreams of ‘taking the heat’ out of a fossil fuels boom that is all too real. Coal exports are likely to double by 2020, adding the carbon dioxide equivalent of a large new coal-fired power station or steel mill every three weeks for the next decade. The proposed Carmichael Coal Mine in central Queensland, set to produce 60 million tonnes per year, will on its own add eight times more carbon dioxide annually than the 20% RET will save. Even with over 105,000 new solar systems in 2010, most of Australia’s renewable energy still comes from hydro power stations and sugar mills built many decades ago. Less than one in 40 households has put up the “new Aussie Hills hoist”, the annual carbon dioxide benefit of which is like pausing coal export growth for less than 24 hours.

In spite of the RET and the prospect of priced carbon, Australia is becoming *more* fossil fuel dependent, not less. Much as a 20% Renewable Energy Target sounds like one-fifth of our energy will be clean and green, it applies to domestic *electricity* generated: not to the 77% of our *energy* production that’s exported (mostly in coal), nor the 350 million barrels of oil per year we use (mostly for transport). Even if we achieve the RET, renewables will account for less than 2% of total energy production and 6.3% of consumption; 20% more energy than today will come from fossil fuels, as will 7% more electricity. Yet, the great irony of marketing ourselves as an “energy superpower” whilst making least use of our most abundant energy resources eludes most Australians.

Disowning coal export emissions, many assume that priced carbon and the right post-Kyoto emissions target will transform Australia into a low carbon economy. This ignores Treasury’s 2008 modelling showing we can meet ambitious-sounding targets until the mid 2030s without cutting emissions *within* Australia if we can import plenty of cheap carbon credits. Between forest protection deals in places such as Indonesia and

sequestering carbon in farm soils, carbon offsetting can delay emissions cuts for decades. The upshot is a carbon price too low to spur renewables, with gas the main beneficiary for 10 to 15 years. Meanwhile, emissions-intensive trade-exposed industries are largely carved out of the RET, just as they'll probably be carved out of any carbon pricing scheme (as they were carved out of Labor's ill-fated '[Carbon Pollution Reduction Scheme](#)', or CPRS). Hence BHP Billiton piously calls for a carbon price they'll hardly pay.

The shame is that Australia has a pretend renewable energy boom when it could have the real thing. Steadfast backing for coal exports, faith in 'clean coal' and increasingly bipartisan and bipolar flirtations with nuclear power block the way. Institutions that should be planning our energy future dare not entertain a renewable one, though the economic case is stronger than we imagine. If, for example, by 2020 Australia replaced its nearly 30 gigawatts of coal-fired capacity with 100 gigawatts of renewables and also phased down its coal exports, GDP would still be nearly 30% bigger than today, doubling in around 2037 instead of 2034.

A report by the University of Melbourne's Energy Research Institute (ERI) recently showed that with a small amount of biogas backup and major electricity grid upgrades, it's technically possible by 2020 for large onshore wind farms and solar thermal power stations to meet *all* of Australia's electricity demand. The proposed addition of 325 terawatt hours of renewable electricity – more than seven times what's anticipated with the RET and a carbon price – is cringe-inducing for anyone calling current policy ambitious. The ERI's analysis contains a few heroic assumptions, but it's irritatingly credible for political, business and bureaucratic establishments keen not to upset the coal cart – especially the estimated cost: just over \$1 per day per household, or similar to maintaining our current fossil fuel reliance.

All this suggests that the critical question for 2011 isn't whether Australia prices carbon but whether Australians concerned about climate change will realise that ticking that policy box won't deliver what they expect. While a carbon price is necessary for an effective climate change response, it doesn't guarantee one. As the CPRS debacle reinforced, a carbon price needn't require emission cuts *in* Australia, nor reduce fossil fuel dependence, nor stop coal export emissions being doubled. What wrong-footed Labor most was the Coalition's decision not to back a scheme as polluter-friendly as the CPRS. Kevin Rudd imploded as a result, and Julia Gillard was left stumbling through an election simultaneously ruling out a carbon tax whilst promising a "citizens' assembly" to re-establish consensus for action.

Now Labor has rediscovered its climate policy mojo, and designated 2011 as carbon price decision time. Worryingly, though, its determination to protect the biggest-emitting industries seems undiminished, and the consensus being sought through the new Multi-Party Climate Change Committee sounds like what Labor had in late 2009 with Malcolm Turnbull. "Policy principles" announced by the committee and advice sought by it don't suggest the process will produce much better than the CPRS. In May 2011, the release of the updated Garnaut Climate Change Review and Productivity Commission research will further entrench the idea that ticking the carbon price box constitutes an effective climate change response, but that Australia should begin with a modest, flexible scheme to be ramped up whenever the world gets serious.

The likely upshot is another tentative, token and ineffective proposal –

only this time with the focus squarely on the Greens because the Coalition is disengaged. For Labor, it's a golden opportunity to recapture their environmental credentials whilst damaging the Green brand. The Greens' likely lose-lose choice is endorsing and selling an ineffective scheme or walking away from a process they instigated, getting painted as 'wreckers' and living Rudd's nightmare. The Greens' way out is to redefine as soon as possible the tests by which Australia should judge what emerges from the process – to reach out to those people for whom ticking the carbon price box is seen as the panacea. If, in the next few months, these people come to understand that an effective climate change response and the renewable energy future we've been promised for more than three decades requires a different set of boxes, perhaps 2011 will deliver a worthwhile outcome. If not, they can brace themselves for more disappointment down the track.

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## Guy Pearse

Guy Pearse is a research fellow at the Global Change Institute, University of Queensland, a former political adviser, lobbyist and speechwriter, and the author of *High & Dry* and *Quarterly Essay 33*, 'Quarry Vision'.

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Phillip Adams and Guy Pearse in conversation on Late Night Live, ABC

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welcomeeazt · 3 years ago

Our democracy is decaying, along with the fossil fuel based economy, foisted upon us by the mining industry, which unduly influences government policies that permit the ever increasing export of carbon producing coal, and the continued proliferation of coal fired power stations. The proposed carbon tax is merely an attempt to placate environmentalists, and the voting public. Although alternative energy resources are the answer, economically and environmentally, the influence of the mining lobby makes a mockery of democracy in this country and elsewhere.

Guy Pearse's excellent essay should be made available in schools everywhere, because it is the next generation who will suffer the consequences from our government's current policies

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sheehanjay · 2 years ago

At long last - clarity and vision and direction for the 'Cinderella' Renewables to claim the Energy throne from the Ugly Sisters 'Coal and CSG'. But who's going to be the powerful Prince? As GP says - it's us the 'people'.

Let's demand the actualisation of the 3 decade-long Renewable Energy Future! GP et al have drawn up the blueprint. Shake Labor out of it's 'Coal Cronies and Nuclear Nuts' revenue co-dependency and demand that they recapture their environmental credentials.

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Mark Duffett · 3 years ago

The ERI's report is not credible, irritatingly or otherwise. It has been comprehensively demolished by a range of critics, notably here <http://bravenewclimate.com/201...> and here

<http://bravenewclimate.com/201...>

It is a trillion-dollar recipe for rolling blackouts.

Far from 'blocking the way', nuclear power is our only realistic hope of getting low-carbon energy without wrecking the economy. That Pearse dismisses it so blithely and baselessly, with a faith in renewables that is apparently nothing more than that, is cause to question his credentials as a public climate intellectual.

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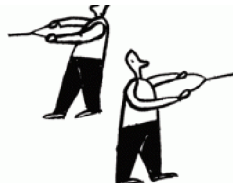
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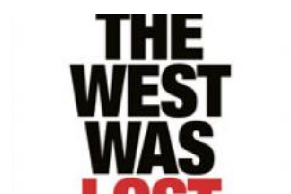
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