

Politics of transformation - Solar Society

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Enlightening environmental markets



Green Energy
Markets

My talk in one quote



- It ought to be remembered that there is nothing more difficult to take in hand, more perilous to conduct, or more uncertain in its success,
 - than to take the lead in the introduction of a new order of things.
 - Because the innovator has for enemies all those who have done well under the old conditions,
 - and lukewarm defenders in those who may do well under the new.
 - This coolness arises partly from fear of the opponents, who have the laws on their side,
 - and partly from the incredulity of men, who do not readily believe in new things until they have had a long experience of them.
- Niccolò Machiavelli in *The Prince* – published 1513

- This talk will centre on 2 policy measures:
 - A price on carbon via an Emissions Trading Scheme
 - The Renewable Energy Target (RET)
- The troubled history surrounding Australia's hesitating and slow progress with these measures.
- The political/economic power structures behind the troubled history

Back in 1998 it all looked so straightforward

- 1998 speech from Alexander Downer (Foreign Minister in Howard Liberal Government and former Liberal Party national leader):
- Some argued then, as some still persist in arguing now, that as the science of climate change is still evolving, that we should simply just wait and see before taking action...
- Well, let me explain why I and my colleagues in government were not prepared to do that. When I was younger not many of us paid any attention to appeals made to us from various sources to protect ourselves from sun damage. However, over time the strength of the science, and the level of concern, about the link between unprotected exposure and skin cancer grew.....
- In agreeing to play Australia's part in the global effort to reduce greenhouse gas emissions, our government accepted that same precautionary principle. In the face of the current scientific evidence supporting global warming, to do otherwise would have been **foolhardy**.

Back in 1998 it all looked so straightforward

- **Alexander Downer 1998 speech continued....**
- The Kyoto protocol is a major step forward. It is an agreement which provides the framework for environmentally effective, equitable and durable action to address climate change.
- *UNDER THE HEADING: Emissions trading: harnessing the power of the market*
- Australia's key negotiating objective will be to develop and design, in consultation with others, an emissions trading framework
- Commonsense, as well as business-sense tells us that a transparent, unimpeded market offers the best prospect of delivering low-cost, non-distortionary outcomes.

Fast Forward to 2010's

- According to Liberal Party leader Tony Abbott an emissions trading scheme will:
 - Be a “great big new tax that is designed to radically change the way every Australian lives and every Australian works”
 - Be a “wrecking ball through the economy”
 - “certainly smash the average household’s cost of living”
 - “wipe out jobs big time”
 - “clean out your wallet”
 - mean, “There’s not a state and there’s hardly a region in this country that wouldn’t have major communities devastated by a carbon tax if this goes ahead”

Fast Forward to 2010's

- In 1998 the Howard Liberal Government was working on introducing the Renewable Energy Target (admittedly at a very modest level – 9500GWh. Since expanded to about 45,000GWh inclusive of rooftop solar).
- Fast forward to 2017 and former Liberal Party Prime Minister Tony Abbott observed:
 - Despite the reduction that my government secured to the renewable energy target, Australia is still supposed almost to double renewable energy supplies in the next four years. This will increase power costs substantially and further reduce reliability. If it goes ahead, it will be the death knell for the heavy industries of Whyalla and Port Pirie in South Australia and almost certainly will destroy the aluminium industry everywhere.
 - Why should government force Australians to use more and more expensive and unreliable renewable power when we have some of the world's biggest reserves of clean coal and natural gas? Why should higher prices be inflicted on households and employers when Australia should be the world's affordable energy superpower?

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SA blackout: Nick Xenophon, Barnaby Joyce blame renewables

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Police direct traffic around the CBD in Adelaide on Wednesday afternoon. AAP

by Primrose Riordan Simon Evans

Deputy Prime Minister Barnaby Joyce and South Australian Senate powerbroker Nick Xenophon have said South Australia's transition to renewables is to blame for the state-wide blackout on Wednesday, in comments disputed by Mr Weatherill and out of line with those of the Grattan Institute's energy expert.

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MATTHEW GUY MP

Leader of the Opposition
Leader of the Liberal Party

Guy: Liberal Nationals will scrap Victorian Renewable Energy Target

Monday 13 February 2017

Liberal Nationals will scrap Victorian Renewable Energy Target

Background

In the past 10 years, Victorian electricity prices have increased 117%.

As of 1 January 2017, Victorian household electricity prices have risen by around 10%, while small businesses are facing a 7.9 to 16.6% increase.



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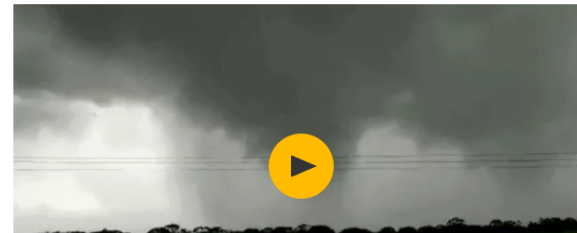
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South Australia

Malcolm Turnbull says South Australia blackout a wake-up call on renewables

PM's comments comes as Jay Weatherill accuses Coalition of pushing anti-windfarm agenda and playing politics when thousands of households still have no power

● Is this a new low: politicians using a natural disaster to push a fact-free agenda?

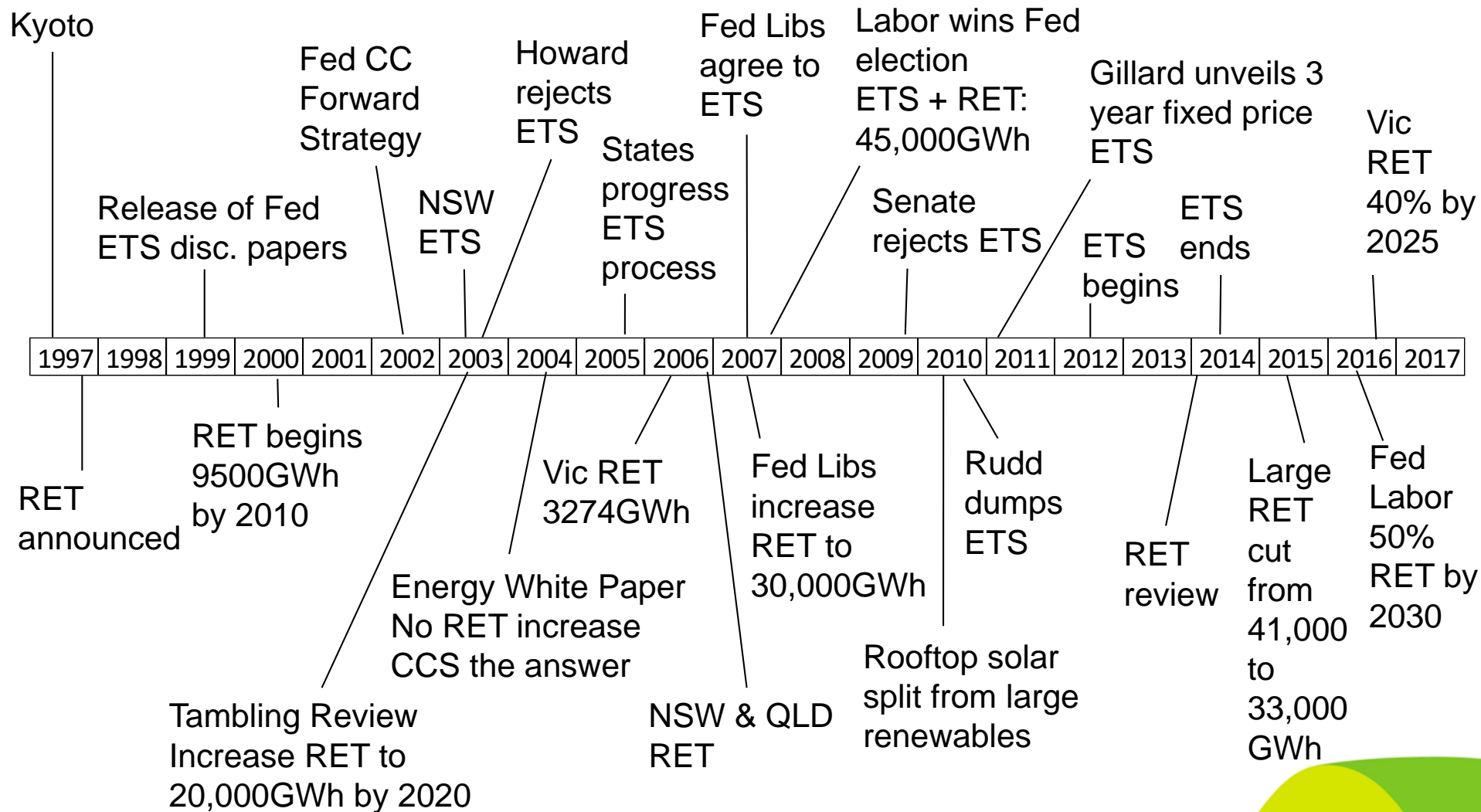


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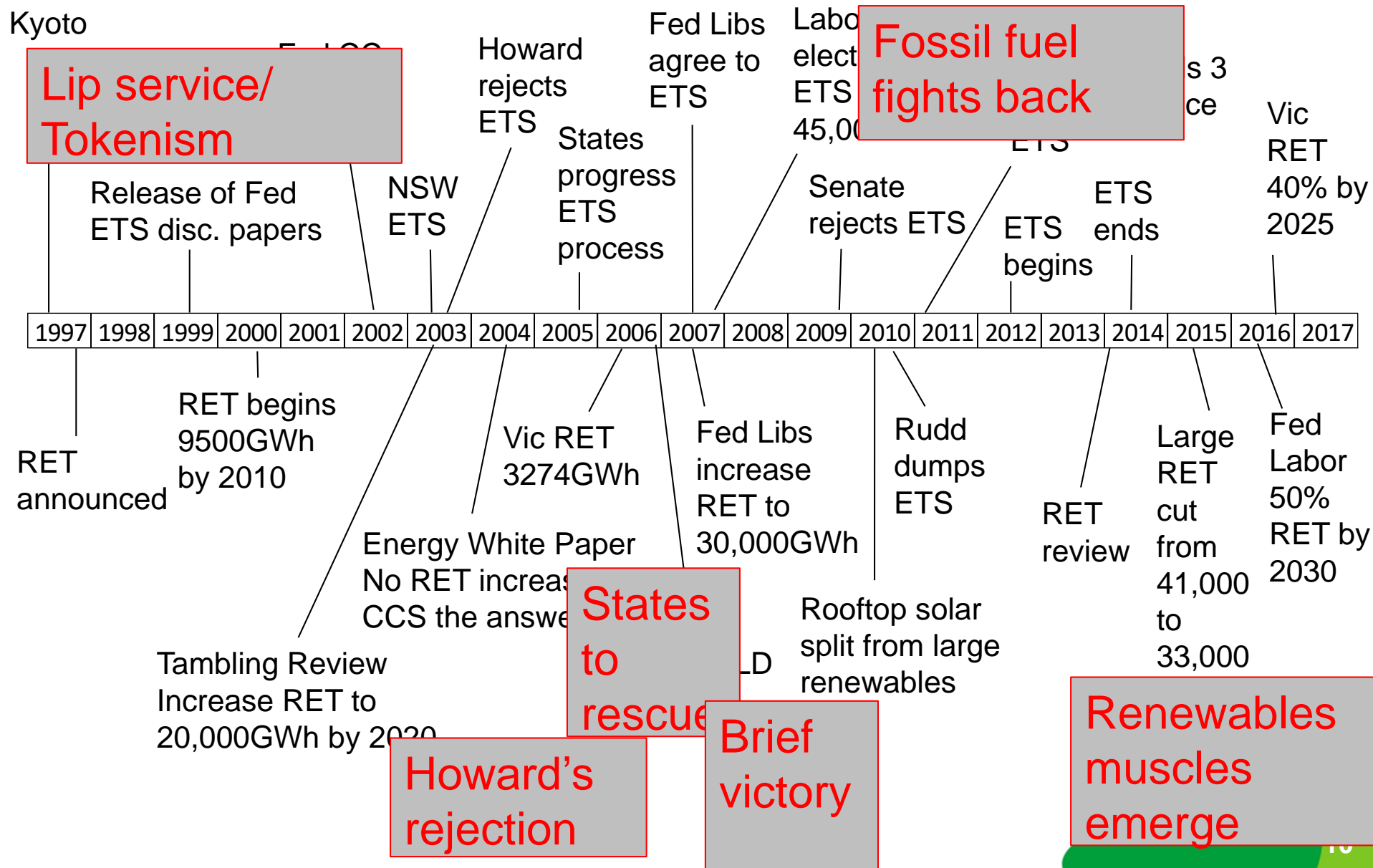
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So what happened?



So what happened?



Why so hard?

Australian exports by share

| | | | | | | | | | | | | | |
|--|-----|---|------|---|------|---|-------|--|-------|--|-------|--|-------|
| Ores Slag and Ash | 26% | Pearls, Precious Stones, Metals, Coins | 8.0% | Cereals | 2.7% | Machinery, Nuclear Reactors, Boilers | 2.6% | Inorganic Chemicals, Precious Metal Compound, Isotope | 2.4% | Aluminum | 1.5% | Optical, Photo, Technical, Medical Apparatus | 1.5% |
| | | | | Electrical, Electronic Equipment | 1.4% | Beverages, Spirits and Vinegar | 1.1% | Live Animals | 0.74% | Edible Fruits, Nuts, Peel of Citrus Fruit, Melons | 0.69% | Miscellaneous Edible Preparations | 0.64% |
| | | | | Copper | 1.3% | Dairy Products, Eggs, Honey, Edible Products | 0.88% | Fish, Crustaceans, Molluscs, Aquatics Invertebrates | 0.52% | Lead | 0.46% | Plastics | 0.44% |
| Mineral Fuels, Oils, Distillation Products | 26% | Meat and Edible Meat... | 4.3% | Pharmaceutical Products | 1.2% | Edible Vegetables and Certain Roots and Tubers | 0.87% | Iron and... | 0.40% | Articles of Iron or Steel | 0.32% | Animal Vegetable Fats and Oils, Grease Products | 0.31% |
| | | | | Oil Seed, Oleag Fruits, Grain, Seed, Fruits | | | 0.81% | Raw Hides and Skins (Other Than Furskins) and Leather | 0.40% | Residuals Wastes of... | 0.24% | Essential Oils, Perfumes, Cosmetics, Toiletries | 0.31% |
| | | | | Vehicles Other Than Railway, Tramway | 1.2% | Aircraft, Spacecraft | 0.79% | Paper and Paperboard, Articles of Paper, Paper and... | 0.19% | Sugars and... | | Mineral Products, Starches, Malt, Wheat Gluten | 0.29% |
| | | Commodities Not Specified According to Kind | 3.0% | Wool, Animal Hair, Horsehair Yarn and Fabric Thereof | 1.2% | Wood and Articles of Wood, Wood Charcoal | 0.74% | Semiconductors, Integrated Circuits, Transistors, Diodes, Thyristors, and Other Electronic Components | 0.39% | Organic... | 0.18% | Furniture... | |
| | | | | | | | | Printing, Dyeing Extracts, Toners... | 0.34% | Toys, Games... | 0.16% | Rubbers | |

- Australian core competence in simple primary goods not sophisticated manufactures
- World's largest coal exporter
- World's largest LNG exporter
- Energy-intensive metals
- Mining

Australia's coal love affair

Tony Abbott while Prime Minister said the biggest fundamental problem with the carbon price was that:

"It said to the wider world, that a commodity which....is our biggest single export [coal], somehow should be left in the ground and not sold. Well really and truly, I can think of few things more damaging to our future."

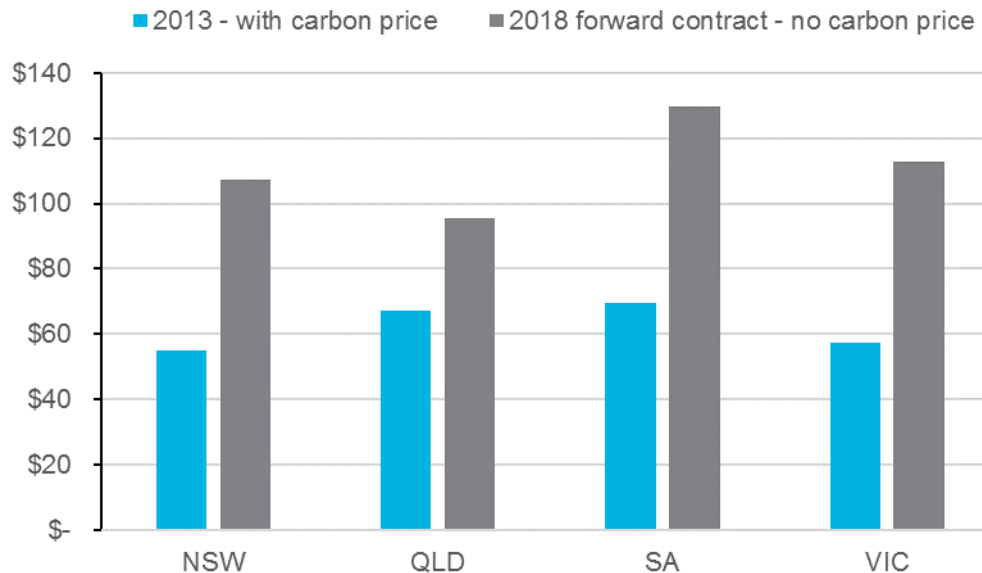
- Australia's biggest export earner has in the past been coal (now iron ore).
- Australia's electricity mix dominated by coal.
- The carbon emissions intensity of Australia's electricity supply is the highest in the OECD (excepting Estonia) and higher than China.
- The wholesale cost of generating electricity (not delivered cost) in Australia has historically been some of the lowest in the developed world approx. US\$32/MWh or \$40AUD
- We also have good solar and wind resources but \$40 insufficient.

Australia's quarry vision

- RET and carbon pricing have faced very powerful enemies:
 - Australia's economic growth fuelled by a mining and LNG construction boom from 2000 to 2012.
 - Mining + Oil & Gas industry very influential in political deliberations.
 - What little manufacturing we have is heavily dominated by energy-intensive, not knowledge intensive, industries.
- Supporters have been weak to non-existent:
 - Solar modules, wind turbines or electronic control equipment are all imported.
 - Renewable energy seen as threat with little opportunity given our weakness in sophisticated manufacturing.
- This imbalance in business power has also been mirrored in the government bureaucracy who share the vision of Australia as the world's quarry

A splintering of the quarry vision

- Mining and LNG construction boom has crashed
- Oil price crash has made LNG not very profitable
- But has driven a serious gas shortage and spike in Australian gas prices
- No one will invest in new coal power stations
- Our power prices have skyrocketed as old coal power stations shut down.



A splintering of the quarry vision

- Wind and solar power now our cheapest options for new power supply
- Solar power now used by large proportion of Australian households as they have sought to minimise impact of power price rises.
- Solar power now increasingly attractive to businesses.

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