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COALITION COULD HELP BUILD POWER STATIONS IN BID TO TACKLE ENERGY CRISIS

PM weighs clean-coal investment

EXCLUSIVE

SIMON BENSON

NATIONAL AFFAIRS EDITOR

The Turnbull government is planning to help fund the construction of new clean-coal-fired power stations in an extraordinary measure to intervene in the looming energy security and pricing crisis.

In a move to address the premature closures of state power plants, the federal government will look to either repurpose plants or directly invest in the construction of new-generation coal-fired plants in partnership with the

private sector. A senior government source confirmed Malcolm Turnbull had asked late last year for options to fund “ultra-supercritical power plants” to provide clean-coal alternatives and lower fuel costs, which would not only alleviate price pressure for consumers and business but arrest the decline in Australia’s competitive advantage in manufacturing.

In a direct challenge to the Labor states, and drawing the political battlelines with Bill Shorten, the Prime Minister yesterday blamed “huge” renewable energy targets set by Labor governments for pushing power prices to the highest of any OECD country.

In his first national address of the year, Mr Turnbull accused Labor yesterday of a “mindless rush” to renewables, and hinted that the government would intervene to protect prices and security of supply with a path to state-of-the-art coal-fired technology.

The Australian has confirmed that Mr Turnbull and senior ministers, including Energy Minister Josh Frydenberg, have been in discussions since December on what exceptional measures the commonwealth could take to subsidise new coal-fired generation, as well as provide incentives to the

states to lift the moratorium on new gas development, which was also having a crippling impact on reliability and prices.

“States are setting huge renewable targets, far beyond that of the national RET, with no consideration given to the baseload power and storage needed for stability,” Mr Turnbull said in a speech to the National Press Club in Canberra yesterday. “We will need more synchronous baseload power and, as the world’s largest coal exporter, we have a vested interest in showing that we can provide both lower emissions and reliable baseload power with state-of-the-art clean-coal-fired technology.”

Energy storage would also be a priority in the government’s energy policy, with Mr Turnbull claiming it had long been neglected in Australia.

“You’d think if anyone had a vested interest in showing that you could do really smart, clean things with coal it would be us, wouldn’t you? Who has a bigger interest than us? We are the biggest exporter. Yet we don’t have one power station that meets those requirements,” he said.

“This has got to be all about Australian families and Australian businesses, making sure that they can keep the lights on and, when they’re on, they can afford to pay the bill.

“And, yes, of course, we meet our emissions reduction targets.

“Nothing will more rapidly de-industrialise Australia and deter investment more than more and more expensive, let alone less reliable, energy.

“Australia is the world’s largest exporter of coal, has invested

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Coalition weighs clean-coal investment

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\$590 million since 2009 in clean-coal technology research and demonstration, and yet we do not have one modern high-efficiency, low emissions coal-fired power station, let alone one with CCS?”

Industry Minister Arthur Sinodinos yesterday flagged the possibility of the \$10 billion Clean Energy Finance Corporation being used to fund technology-neutral power sources, but would not reveal what the government might do.

Another government source close to the discussions said “it is very early days” but sites being raised as possibilities for new coal-fired power plants included in Queensland, the Hazelwood plant in Victoria, which is due to be mothballed next month, and the gas-fired plant site at Pelican Point in South Australia.

Scott Morrison, who recently led a push for the Asian Infrastructure Investment Bank to include coal power as an option in the region as it transitions to higher levels of renewable energy, con-

firmed that new coal would be part of the government’s energy policy mix. “Coal is part of our energy future, coal is part of our security and energy security and affordability, and we will have more to

say as time goes on but the Prime Minister made it very clear today that you cannot be technology dependent or biased in any way in this area nor can you be, frankly, resource dependent on these things,” the Treasurer said.

“It is about energy affordability, security and sustainability. That is what households, families need, it is what businesses need. And coal is part of that. We need to have an energy future that is inclusive of what has been one of our greatest energy advantages for 100 years.”

The Opposition Leader, in his speech to the Press Club on Tuesday, claimed his 50 per cent renewable energy target would create “real jobs, not just jobs for the scientists, but jobs for blue-collar workers, jobs for engineers, jobs for designers”.

Labor’s energy spokesman Mark Butler yesterday blamed the government for pushing up power

prices because of uncertainty in the electricity market.

“Instead of addressing the investment uncertainty facing the energy sector with sensible national policy that would reduce the cost of electricity, improve reliability and cut pollution, the Prime Minister is actively causing prices to rise, security to suffer and pollution to grow,” he said.

But Mr Frydenberg said Labor had presided over a 100 per cent increase in power prices.

“Their record in government was a disaster,” the minister said. “Bill Shorten’s 50 per cent renewable energy target would require 10,000 wind turbines to be built between now and 2030.”

Latrobe City Council Mayor Kellie O’Callaghan welcomed Mr Turnbull’s statement, saying a clean-coal policy could mean a new power station to replace Hazelwood was back on the table.



KYM SMITH

Foreign Minister Julie Bishop with Mr Turnbull yesterday



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Malcolm Turnbull in Canberra yesterday: 'We have a vested interest in showing that we can provide both lower emissions and reliable baseload power'