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“In Support of Progress”

Newsletter

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Energy

The decision by AGL to close the 2000MW Liddell power station in NSW has thrown the failure of Australia's energy policy into stark relief.

Liddell is one of the largest coal-fired power stations in the country, and its imminent closure, coming on top of the closure of the 1600MW Hazelwood power station in Victoria in March of this year, will leave a gaping hole in the availability of reliable base-load power in the country.

The failure is exemplified in the totally un-edifying spectacle of the Prime Minister going cap in hand to AGL seeking an extension to the life of the plant, or alternatively the sale of the plant to another party, including it seems the government. To date, AGL has resisted the request, advising it wants to use the site for another purpose, to wit as a “clean energy” site.

The Prime Minister, wanting to be seen to be in control of this mounting chaos, has called in the private sector energy tsars to plead with them to consider the national interest, and once again, for seemingly publicity purposes, brushed the dust off the Snowy Hydro 2.0 proposal, which is still in a pre-feasibility stage, funded in part by the Australian Renewable Energy Agency (ARENA).

All of which sounds like the government is prepared to provide subsidies to keep the lights on. Subsidies to the renewable energy sector to challenge coal, and subsidies to coal to keep operating against the intrusion of renewables. How silly is that?

It can be argued that the proposition put forward by the Opposition Leader that this is all the fault of privatisation has merit in that the interests of AGL is to its shareholders and not to the national interest. However it is more significantly a failure in the market mechanism driving energy supply (more later).

AGL argues that its future lies in renewables, which is interesting considering that over 85% of its present generation comes from coal. In fact AGL actually benefits from closing Liddell entirely, and not on-selling it, as it will mean less available base-load power, and therefore higher prices from which it will benefit - and of course the fertile ground of subsidies.

The policy failure has been a testament to an ideological vanity that has swept over the “politics of energy” scene over the last 10 years or so, and all parties have been swept up in this myopic approach.

The simple fact of the matter is that renewables cannot provide base load. The wind does not blow all the time and the sun does not shine for an average 12 hours per day. Such facilities require backup, and the price of providing a non-renewable battery resource has not been factored into past equations. Battery prices are coming down, it is true, but even so they remain uncommercial at this stage. And “at this stage” is the problem. Even the development in South Australia of an enormous battery facility will only keep the lights on for about an hour, if all other options fail.

The only renewables backup that passes muster is hydro power, as it alone has the capacity and the "grunt" to provide the level of power when it is needed and the flexibility to turn on and off at short notice. Thus the PM's enthusiasm for Snowy 2.0.

Not to be outdone, the State Minister for Energy is out and about promoting TasHydro as being a possible "battery for the nation", which is a bit of a stretch considering the size of the entire Tasmanian system (some 2500MW) is miniscule relative to the needs of the nation (of which over 20,000MW is presently coal-fired), and that a possible doubling of capacity (courtesy of still-to-be-proven pumped hydro and more windfarms) will require at least one further BassLink, all of which means lots of lead-time and lots of coin.

None of which will come on line anytime soon, and certainly not in time for the impending crisis in the national market, which some say will occur this summer.

However, if the federal government - courtesy of ARENA - is throwing money around to explore such options, then why not go for it? Together with its alter ego, the Clean Energy Finance Corporation (both government agencies), it is delivering copious quantities of dosh to the renewable energy sector.

Subsidy is too weak a word for what is happening in this space. Suffice it to say these bodies and their actions are a testament to the fact that renewable energy projects need to be subsidised in order that they can pass muster, and all at the expense of the consumer, who is suffering extraordinary increases in power prices for less reliable power.

The failure in the market system has been the inability to manage the development of an increasing but irregular and variable supply of renewable power.

The bidstack was designed to enable generators to bid in volumes of power. The lowest-price bid would be called upon and be dispatched first, then the next lowest, and so on until all demand was met. All dispatched power would attract the price of the last bid dispatched. Even if one was the first dispatched, it would attract the price of the last dispatched.

As the bidders in the main were thermal generators, it was in their interest to bid low and often in order that their power would be called upon. Otherwise their plant would be operating but their power not called upon. Very wasteful.

Renewable energy operators do not bid into the bidstack in the same way. For example they can bid in at zero in order that they be dispatched, even though they may not have the power at the time of dispatch, in which case the next highest bidder would be called upon. The unreliability of supply becomes a problem when all renewable suppliers are bidding in, as the thermal generators are uncertain whether they will be called upon, and some have gone into stand-by mode as a result.

This may be a somewhat simplistic explanation but you get the point. And it should not be beyond the capacity of the market regulator to resolve.

The situation is further complicated by the shortage of supply of gas in the domestic market to fuel the gas generators, which has led to large increases in the price of gas in the domestic market and therefore the cost of dispatch.

Hydro generators don't suffer the same difficulty - they can switch on and off quickly - but Tasmania is also affected by rising prices because of its exposure to the national market. Which makes Hydro Tasmania a very profitable operation.

Meanwhile the policy has been to demonise coal and close down coal-fired generation, the one source of reliable and cheap power. Not clever at all.

Legislative Council

The Legislative Council is the State's Upper House. Changes in population numbers have necessitated a review of Legislative Council boundaries. Most changes have been minor in nature, a bit added here, a bit taken off there. The boundaries of a number of electorates on the north-west coast have had to have been moved slightly eastwards, finally causing a more major requirement for change on the outskirts of Launceston. Added to which the growth on Hobart's Eastern Shore in particular has also necessitated a more major realignment.

The Electoral Commissioners have resolved these two matters by dissolving the two electorates of *Apsley* and *Western Tiers*, and creating two new electorates of *McIntyre* and *Prosser*, the latter capturing ground left vacant by the necessary geographic shrinkage of *Rumney* on Hobart's eastern shore.

Western Tiers and *Apsley* covered most of the "centre" of the state, divided by a north-south line. The Commissioners have determined that *McIntyre* and *Prosser* would be divided by a west-east line, making *McIntyre* more northern-centric and *Prosser* more southern-centric. Unlike some, I have no issues with this decision.

However a problem has arisen in that the periodic nature of elections for the Legislative Council had elections held for *Western Tiers* in 2012, with a new election to be held in 2018, and *Apsley* in 2016, with a new election to be held in 2022. The members of these two seats both reside in the north.

The Commissioners have, inexplicably, determined that the timetable for elections will have the southern seat of *Prosser* next year, and the northern seat of *McIntyre* in 2022, with both the existing members being members for *McIntyre*.

An absurdity. This means the electors of *Prosser* will be without representation until May next year, while many electors of *McIntyre* will not go to the polls for 10 years. The Commissioners have stated that other members of the Legislative Council will "care for" the electors of *Prosser* until the election next year. This is totally unacceptable.

The resolution is simple, which is to swap the dates of the election. If *McIntyre* was to go to the polls next year, and *Prosser* in 2022, then the existing member for *Western Tiers* would hold *McIntyre* and come up for election at the normal time for him, and the existing member for *Apsley* would hold *Prosser* and come up at the normal time for her. Problem solved.

If the Commissioners believe they were precluded from making such an obvious decision because of the provisions of the Electoral Act, then amend the Act. It's not too late. It has been done before.

Salmon

TASSAL has commenced operations in Okehampton Bay, on Tasmania's East Coast on an existing marine lease, having obtained both State and Federal government approval and under increased government scrutiny and stricter regulations.

No, not good enough, say the NO brigade, who are now marching off to the Federal Court in an effort to persuade it to overturn the federal government approval. It is their normal *modus operandi*.

They will test every law, break them if need be, destroy the credibility of suppliers in the market place, and cause enormous social and brand damage in order to get their own way, and if they win, will then complain bitterly if others try to overturn their position using similar tactics.

One of the present litigants is Graeme Wood, who purchased the woodchip facility site at Triabunna and promised to build a magnificent tourist venture on the same site. Well, Graeme, still waiting. If I was a Triabunna resident I would be pinning my hopes on TASSAL for my future, rather than the likes of Graeme Wood.

Meanwhile TASSAL, which is also advanced in its cage technology, is moving to ensure all of its nets are seal-proof, which will obviate the need to move seals to other parts of the state, where they have become a problem. It must be a priority for the company - the sooner the better.

Of floods and fires

At a time when the spring rains have caused minor flooding in some rivers, the Tasmanian Fire Service has advised of the dangers of bushfire in the coming months, and is advising all to be prepared.

There is no room for complacency for either event, and the Fire Service is to be commended for its call at this time. I would hope that it is as keen to ensure fire does not start in the first place, as well as being prepared to fight them if and when they do occur.

We live in a fire-prone environment, a natural environment that has adapted well to the prevalence of fire. The best way to prevent large bushfires is by having a policy of fuel reduction, and I can only hope that the Fire Service, together with other government agencies responsible for land management has such matters in hand.

A word on Captain James Cook

It has been claimed that Captain Cook did not in fact discover Australia. The claim is well founded – he didn't. Acknowledging that the place was already inhabited, and therefore had already been found, as far as European exploration is concerned it was the Dutch that first landed on our shores. Jantsoon and Torres in the north (1606), Dirk Hartog in the west (1616), and our very own Abel Tasman in the south (1642). Nor was Cook the first Englishman. That honour goes to William Dampier, who landed in the west in 1688.

However, the east coast of Australia was unknown to European explorers for another hundred years, although it has been strongly suggested that the Portugese, in defiance of the Pope's edict of the time (which granted lands east of a line of longitude to the Spanish), had sailed the coast in the 1520's, long before the Dutch.

Cook was the first to chart the east coast. He landed in Botany Bay in 1770, and claimed the eastern coast of the continent for Britain, naming it New South Wales. Tobias Furneaux was the first Englishman to set foot in Tasmania in 1773, and the French explorer la Perouse arrived in Botany Bay at the same time as the First Fleet, in 1788.

None of which should detract from the remarkable seamanship and bravery of these sailors, including the remarkable James Cook, who was an extraordinary navigator and seaman, and through British eyes, was the "first to discover" and map these shores.