

'Finkel's new energy report' isn't new and it isn't by Finkel

Written by David Blowers, Energy Fellow, Grattan Institute

The headline almost writes itself: “Finkel backs Labor’s renewables policy”. A report released yesterday, [The role of energy storage in Australia’s future energy supply mix](#), has found that Australia can reach [50% renewables by 2030](#) with limited impact on reliability.

It has, inevitably, lead to claims that Labor’s target of 50% renewables by 2030 is both achievable and [correct](#). But focusing on the politics would be missing the point.

Read more: [Shorten goes on front foot over 50% renewables ‘target’](#)

It should first be noted that, despite the many [headlines](#) citing his involvement, Australia’s Chief Scientist Alan Finkel did not actually write the report. The report is by the [Australian Council of Learned Academies](#) (ACOLA), an independent, not-for-profit organisation that brings together Australian academics to provide evidence-based solutions to national and global policy problems. Yes, funding was provided by the Office of the Chief Scientist, and yes, Finkel himself has been supportive of the report, but describing it as a “[new Finkel report](#)” is stretching things a little.

The report explores how much energy storage – whether in batteries, pumped hydro or solar thermal – we will need as we increasingly rely on renewable, and therefore intermittent, electricity generation. As more renewable generation enters the system, there needs to be alternative sources of generation, such as storage, that can meet demand when the sun isn’t shining or the wind isn’t blowing.

Read more: [Want energy storage? Here are 22,000 sites for pumped hydro across Australia](#)

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The ACOLA report finds that only a small amount of storage would be required to balance a system with 50% renewables. Cue the political debate about the quality of the electricity market modelling that ACOLA relied on to make this finding.

There is far too much focus on electricity market modelling in Australia these days – particularly regarding renewable energy. Finkel's policies are distrusted and dismissed by people on one side of the debate because they believe his modelling shows [too high a level of renewables](#). And the Coalition's

[National Energy Guarantee \(NEG\)](#)

is distrusted and dismissed by people on the other side of the debate because they say it shows

[too low a level of renewables](#)

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This debate rages on even though no modelling has been revealed; the federal government has promised to unveil the [modelling behind the NEG](#) at a meeting of the COAG Energy Council this Friday.

The truth is, modelling is an inexact science. The outcomes depend on the assumptions you use and the data you shove in. This is why the results for Finkel and the NEG will differ so much, despite them using the same emissions reduction targets and using emissions reduction mechanisms that impact the market in very similar ways.

Read more: [Politics podcast: Energy Security Board chair Kerry Schott on a national energy plan](#)

As it happens, I have limited confidence that you need only a little storage with 50% renewables but a lot of storage at 75% renewables, as ACOLA's report claims. But the specifics are not important. What is important is that Australia will need something to balance intermittent renewables – and at some point, we will need quite a lot of balancing.

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The most important aspect of the ACOLA report is that it brings into focus an unavoidable fact: Australia has serious problems with its electricity system. System security – making sure that the system doesn't break – is an immediate concern. Reliability – ensuring the system has enough power to meet demand – is a growing problem. And energy storage is a potential solution to both.

ACOLA is not the first to point this out. Finkel's [blueprint for the National Electricity Market](#), released in June, identified these concerns. The Australian Energy Market Operator in September identified the need for [a new mechanism](#) to address medium-term reliability issues in the market.

Without the right policy settings to address reliability and security concerns, storage will have no chance of helping to fix our energy mess, regardless of the quality of ALOCA's modelling.

Our politicians need to focus on the substance of this debate, rather than the headlines. Hitting each other over the head because there are too many – or too few – renewables in the policy basket is pointless and will ultimately prove self-defeating. Instead, how about finding an actual policy solution? Starting at this Friday's COAG Energy Council meeting. Please?

David Blowers does not work for, consult, own shares in or receive funding from any company or organisation that would benefit from this article, and has disclosed no relevant affiliations beyond their academic appointment.

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