

Barnaby Joyce criticises lack of results on power prices as winter approaches

Written by Michelle Grattan, Professorial Fellow, University of Canberra

Former deputy prime minister Barnaby Joyce says he would be “100%” behind the government constructing coal-fired power stations if that would lower the price of electricity.

“My exasperation is that we have been talking about cheaper power and nothing is happening. No government has dealt with the power issue in a form that has brought down the price over the medium to longer term,” he told *The Conversation* on Tuesday. “The carbon tax’s removal brought it down only briefly”.

One of the signatories of the Coalition backbench Monash Forum’s call for the government to build “Hazelwood 2.0”, Joyce described his support for the group’s manifesto as “like signing a birthday card”, adding “it would have been more surprising if I didn’t sign it”.

“I want cheaper power prices in country areas for the poor people who can’t afford it. Winter is coming,” he said.

He said the government’s building a coal-fired power station would be consistent with its planned investment in Snowy 2.0 and its regulatory support for renewable energy.

The public push on coal by the backbench group is being made in the run up to the Coalition’s expected 30th consecutive Newspoll loss.

It is being seen as another hit at Turnbull’s leadership. Among those prominent in the group are Tony Abbott and his close allies Kevin Andrews and Eric Abetz. But Joyce stressed that “for me, it’s not about Malcolm’s leadership. It’s about power prices.”

The manifesto has been signed by a number of Nationals. While signatories may have different motives, some backbenchers have reportedly refused to put their names to it because of the implications and timing for the Prime Minister.

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The name “Monash Forum” refers to World War 1 general John Monash who subsequently headed the State Electricity Commission of Victoria, spearheading the development of the Latrobe Valley coal reserves and power industry. Some signatories would have preferred a plainer name.

The manifesto says: “If the government can intervene to build Snowy 2.0, why not intervene to build Hazelwood 2.0 on the site of the coal-fired power station in Victoria that is now being dismantled?”

“All the transmission infrastructure already exists; all the environmental permits have already been obtained; and a new, low emissions coal-fired power station can certainly be built for no more than \$4bn.”

Turnbull has trumpeted the expansion of the Snowy scheme as one of his big policy initiatives.

Backing coal-fired power has been among the issues Abbott has strongly promoted from the backbench. He said last August: “If we are prepared to go ahead with pumped hydro, and we are neutral on technology, we should certainly be prepared to go ahead with a new coal-fired power station.” Last week, launching Pauline Hanson’s book, he was highlighting that “we should build new coal-fired power stations”.

The backbench push coincides with the government working to bed down with the states and territories its national energy guarantee (NEG). This effort has been helped by the recent win by the Liberals in South Australia. The NEG is described as “a technology-neutral approach that does not provide direct subsidies to renewables or any other particular technology, creating a level playing field for all energy sources.”

Turnbull said on Tuesday that the NEG “provides every incentive for the energy sector to invest in dispatchable power,

”[For] those who are concerned that there should be more investment in coal -fired power stations, the NEG puts a premium on dispatchability, 24/7 power. Now coal can obviously

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provide that, so can gas, so can hydro, so can other technologies.“

Asked whether it was a slight to his leadership that the Monash Forum was formed rather than the normal policy channels followed, Turnbull said the NEG had been endorsed by "the whole Coalition party room".

Tony Wood, energy program director at the Grattan Institute, said it seemed like an extraordinary approach for members of a Coalition government that had championed markets and the private sector to be advocating going back to a nationalised system.

It also seemed highly unlikely that a coal-fired power station would be a commercial investment for the government. "The longer-term prospect of the investment providing a return to taxpayers would be remote. So it would be writing off a relatively new asset in a relatively short time. It would be a highly questionable use of public funds."

Private investors were not going into new coal-fired power stations because they did not see a prospect of them making money, Wood said.

"It may very well be that keeping existing stations going longer would be justified but that would be relatively modest expenditure," he said.

Wood said that to lower prices to consumers it would be more cost-effective to give them refunds – although he wasn't advocating that.

"A well-designed NEG, or an equivalent, that provides clear policy on emissions reduction and values reliability will provide the best policy framework to deliver efficient new investment in affordable energy," Wood said.

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beyond their academic appointment.

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