

Turnbull beats Abbott over NEG, now Frydenberg has to win Victoria

Written by Michelle Grattan, Professorial Fellow, University of Canberra

Malcolm Turnbull has secured a decisive party room victory over Tony Abbott, taking the government's signature National Energy Guarantee policy another step towards implementation.

Tuesday's Coalition party room, in a 155-minute debate, gave strong support to the plan. But sources variously said four or five MPs – Abbott, Andrew Hastie, senator Eric Abetz, Tony Pasin and George Christensen - had reserved their right to cross the floor when the federal legislation for the emissions target comes to parliament, and others expressed doubts and criticisms.

In a [statement](#) after the meeting, Abbott said at least a dozen had expressed “serious concerns about the NEG or about turning the non-binding Paris targets into law”.

During the debate, Abbott pointedly referred to “merchant bankers’ gobbledegook”.

Tuesday's party room mood reflected that most Coalition MPs accept that to save marginal seats and give the government, embattled in the polls, its best chance of survival, they need to unite behind Turnbull and the government's policies.

During the meeting, several MPs told the dissidents they should reconsider their position and show cohesion.

The fate of the NEG scheme now depends crucially on the Labor states – notably Victoria – giving consent to it, and on the parliamentary numbers for the federal emissions reduction legislation.

The government is likely to need Labor support to get the emission legislation through. The legislation will be introduced this parliamentary fortnight.

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Labor's position is that it does not want this legislation debated until the states have made their decision on the NEG. When it is debated, the opposition will seek to amend it for a higher target. It has not said what it would do if, as expected, its amendment failed.

The Victorian Energy Minister, Lily D'Ambrosio, said after the Coalition party meeting: "We'll study the Commonwealth NEG legislation thoroughly to see what concessions Malcolm Turnbull has given the climate sceptics in his party room."

"We have said all along – we won't let Malcolm Turnbull put our renewable energy industry and Victorian jobs at risk. We'll continue to work through the COAG energy council to address our concerns."

Energy minister Josh Frydenberg has a phone hook up with state ministers late Tuesday. They are set to release draft state legislation for the NEG mechanism.

But the states are not due to consider their support for the scheme again for some weeks, after failing to sign up last Friday. It is a race against time for the federal government, because Victoria goes into caretaker mode in October for the November election.

Read more: [**Labor states keep the National Energy Guarantee in play but withhold agreement**](#)

With Victoria the main obstacle, Frydenberg said: "It's time Daniel Andrews stopped walking both sides of the street and put the interests of Victorians first and the businesses of Victorians first. And he would do that by signing up to the National Energy Guarantee before he goes into caretaker mode."

The pro-coal MPs were reassured in the party room by the government's acceptance of the

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Australian Competition and Consumer Commission recommendation for the federal government to underwrite new despatchable power projects.

After the meeting, Abbott released an angry statement in response to the “rampant hostile briefing of journalists while the meeting was underway.”

“Yes, as the Prime Minister said at its close, there was party room support for the minister’s position. Much of it though, was of the ‘yes ... but’ variety: congratulating him for the work he’d done in difficult circumstances and saying that the NEG was the best way through a bad situation.

"But most then added that what really mattered was actually getting prices down – not just talking about modelling – and actually getting more despatchable power into the system via ACCC recommendation 4 [on underwriting].

"Unfortunately, most explanations of how the NEG (as it stands without price targets) might theoretically get prices down sound like merchant bankers’ gobbledegook.

"It was a real pity that the meeting broke up before the chairman of the backbench committee, Craig Kelly, was able to finish his contribution.

"Yes, there were lots of pleas for unity but as one MP said, we’ve got to be loyal to our electorates and to party members too, and not show the ‘unity of lemmings’”.

"Yes, there was lots of regard for the ‘experts’ and for ‘business leaders’ but as one MP said ‘I’m not here for the technocrats’.

"I heard at least four lower house MPs formally reserve their position on the legislation and at least a dozen express serious concerns about the NEG or about turning the non-binding Paris targets into law with massive penalties attached.

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"This is the big question that the party room didn't really grapple with: when the big emitters are not meeting Paris, why should we? Especially, as even the Chief Scientist said, the difference meeting our target would make is 'virtually nothing'", Abbott's statement said.

The Business Council of Australia called on "state and territory leaders to now get on with the job of implementing the National Energy Guarantee by releasing the draft legislation.

"It's up to Victoria and Queensland, along with the other states and territories, to stop playing political games with people's power bills.

"COAG Energy Council must stop dithering and finally act to end the decade of dysfunction that has plagued our energy sector."

UPDATE

In a phone hook-up on Tuesday night the COAG energy council agreed to release an exposure draft of the National Electricity Law amendments needed to establish the mechanism for the NEG.

Michelle Grattan 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.

Authors: Michelle Grattan, Professorial Fellow, University of Canberra

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