

California dreamin', our cheap and reliable electricity nightmare

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Matthew Warren in the [AFR](#) three days ago was highly critical of the electricity market manager's proposed spending on new transmission lines. The proposals involve a centrally planned network with over \$17 billion of new transmission lines plus a further \$10 billion for the Snowy pumped storage scheme. This spending is designed to shore-up the inherently inefficient and high cost wind and solar generators that regulatory subsidies have made possible.

There is an irony in Warren's attack since, in a previous life as head lobbyist for the renewable energy industry, he was instrumental in having the Rudd/Gillard government accept the slogan "20 per cent renewables by 2020" with the fourfold expansion in subsidised renewables this entailed. It is that policy which has undermined the low cost, reliable market-driven electricity supply industry we once had. And it is that policy which has created the case for the vast expansion in transmission expenditure that the market manager is signalling.

Warren's conversion to a market-driven approach is clearly not shared by the market manager, Audrey Zibelman, who writes in the AFR of 19 August that her agency's report is just fine and dandy. Zibelman does not even address Warren's chief concern about the deficiencies inherent in a centrally planned network, funded by government regulatory requirements. She misquotes Abraham Lincoln, "The best way to predict the future is to create it," thereby confirming a personal preference for central planning. Zibelman sees the future as renewables, hence more spending on networks because of the dispersed nature of their supply, and other expenditures to allow their variable output better to match demand.

The AFR is a leading sponsor of subsidised renewable energy (nowadays subsidies are euphemistically called "putting a price on carbon"). Unsurprisingly, therefore, not only did it publish Zibelman's response to Warren's article but it also featured [Ross Garnaut](#), another architect of the energy policy debacle caused by renewable regulations. After preambuling about how to recover from COVID-19 lockdowns, Garnaut gets down to the nitty-gritty claiming the way forward is to invest now in the net zero carbon emission world he says will be required by 2030. With a subtle call for subsidies, he says, "Investments over the next few years will have to make economic sense in the low-carbon global economy of the future". For Garnaut, the way out of the wealth destruction caused by the lockdowns is to invest in high cost energy.

Meanwhile, across the Pacific, California is reaping its own harvest from requiring a wind/solar-rich electricity supply. The State Government requires a 60 per cent renewable supply by

2030, and the state is presently at 33 per cent. To meet demand of 42-44 GWh, California has a capacity of 76 GW, a bit more than Australia. But 27 GW of California's plant is solar (useless for evening peaks) and 7 GW is wind (useless in hot windless days). Last weekend California's air conditioners were going full pelt due to a heat wave in the south of the state (predictably blamed on "global warming"). The market manager had to instigate rolling blackouts. In a pattern seen in Australia, many Californian nuclear and fossil fuel generators have been forced to close because they have been made unprofitable by generous subsidies that consumers are required to pay to renewables.

California's Brave New World of wind and solar has not only brought shortages of power but the state's consumers incur electricity prices that are 60 per cent above the US average. As in Australia, an unholy alliance of naïve environmentalists and renewable energy subsidy seekers has driven energy policy.

Australians pay billions of dollars a year as a result of renewable energy policies. This spending includes direct payments and regulatory requirements that subsidise renewables and penalise coal, a consequent doubling of the wholesale electricity price, and financing of new transmission links.

And all we get is a less reliable supply.

California here we come!

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