

# Renewable energy plan just a lot of hot air

[Energy](#) | [Alan Moran](#)

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Twelve years ago, as a sop to wind farm lobbyists and green activists, the Howard government announced a "2 per cent renewable energy requirement".

This compels electricity retailers to incorporate high-cost wind and solar generated electricity within supplies.

Vested interests ratcheted up the renewable share and it will be 4.5 per cent by 2012 when the scheme expires. Added to this are state schemes, such as Victoria's Renewable Energy Target, which take the subsidised total to more than 10 per cent of electricity.

Originally, solar power proponents argued for temporary support to allow renewable energy to become cost competitive with coal and other electricity.

They have abandoned this pretence and now favour mounting subsidies.

Last June, Canberra published draft legislation calling for a quadrupling of the renewable target, to bring it to "at least 20 per cent" of Australia's electricity supply.

People were invited to have their say on this goal. The usual suspects clamoured for even more.

In one of the better submissions, the Carbon Sense Coalition illustrated how the targets are nothing more than a stealth tax to support windmills. Their submission shows how radically novel sources such as hot rocks and hydrogen (neither of which is, in fact, "renewable") or wave power can never be economic.

Hydro-electricity is the only financially viable renewable energy source, but it is almost fully utilised (and any new dams would face implacable green hostility).

The next cheapest renewable source is wind. This requires a subsidy, paid by a hidden tax on the energy consumer, of \$50 per megawatt hour. The subsidy means wind gets double the market price.

Australia has invested \$5 billion in subsidised renewable electricity generation, almost half in wind, with rooftop solar heaters the next most important. That \$5 billion is enough to build two large-scale, coal-powered generators.

South Australia, because it is breezier than most other places, is home to much of Australia's windmill investment. Over recent months, wind has provided more than 15 per cent of the state's electricity.

In an article in *Quadrant* magazine, Ray Evans and Tom Quirk point out that during the recent heatwave South Australian wind farms provided negligible output in the hours from 1pm to 6pm when the demand was highest.

During the hottest weather the air is usually still, so windmills are often missing in action when they are really needed.

In addition, windmills all tend to be available at the same time, often causing a supply glut.

This uncontrollable nature of wind generation is more serious once its share of supply becomes significant and this is reflected in a lower energy market price South Australian wind generators obtain.

But wind generators also bring extra costs by requiring back-up investment in high cost "fast start" generators and network extensions.

So, households and industry are double-dudged by subsidies to renewable energy. First, because the energy is worth only half its costs, and second because it is unreliable and requires additional back-up.

Australia's living standards have been falling over the past year.

Unfortunately, promoting inefficient energy investment is one of many government policy measures that retard rather than support increased living standards.

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- > [July](#)
- > [June](#)
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- > [February](#)
- > [January](#)

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- > [December](#)
- > [November](#)
- > [October](#)
- > [September](#)
- > [August](#)
- > [July](#)
- > [June](#)
- > [May](#)
- > [April](#)
- > [March](#)
- > [February](#)
- > [January](#)

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- > [December](#)
- > [November](#)
- > [October](#)
- > [September](#)
- > [August](#)
- > [July](#)

- > [June](#)
- > [May](#)
- > [April](#)
- > [March](#)
- > [February](#)
- > [January](#)

- [2011](#)
- [2010](#)
- [2009](#)
- [2008](#)
- [2007](#)
- [2006](#)
- [2005](#)
- [2004](#)
- [2003](#)
- [2002](#)
- [2001](#)
- [2000](#)
- [1999](#)
- [1998](#)
- [1997](#)
- [1996](#)

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