

# Danandrewstan: two steps forwards, one step back as energy security matters more than ever

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The latest energy policy from the Victorian government is to place a constitutional ban on fracking and coal seam gas exploration but once again permit the search for conventional gas in the state.

The proposed policy was developed in consultation with an industry/activist Independent Stakeholder Advisory Panel. The panel was chaired by the Lead Scientist, Amanda Caples, a pharmacologist, who was previously responsible for developing the state's "strategic industry growth plans". In announcing the policy, the Premier said it was "a science-based approach". Presumably, he had in mind political science.

The exploration bans were first implemented in 2012 by the Coalition government under the then minister for energy — and now opposition leader — Michael O'Brien.

For the Coalition back in 2012 seeking to blunt opposition from green radicals, a ban on new gas supplies seemed like good cynical policy. There were ample supplies of Bass Strait gas and some farmers opposed gas exploration, with others wanting more of any windfall cake. But gluts have a habit of turning into shortages and the price of gas rose, bringing the chemical industry, which uses it as feedstock, threatening to pull up sticks. The Coalition government

tried to reverse course in 2013 by commissioning Peter Reith to conduct an inquiry into fracking. This gave the technique a clean bill of health (as did a similar inquiry in New South Wales conducted by the Chief Scientist) and advocated giving farmers a bigger share of windfall gains from successful exploration.

The Labor Government, elected in 2014, had no qualms about maintaining the bans and embedding those on CSG exploration into constitutional restraints. In reality, the Andrews Government's treatment of gas is part of a suite of measures targeting all fossil fuel uses and seeking to replace them with renewable energy supplies. But with the closure of Hazelwood and the increased dependence on unreliable wind for electricity generation, gas assumed a new premium priority. Perhaps more importantly, Victoria needed to remove bans on conventional exploration if it was to receive additional energy support from the Commonwealth Government. For NSW, this has included funds for the development of a Renewable Energy Zone.

Even so, Green groups have lambasted Victoria's ending of the ban on conventional gas exploration: Friends of the Earth say it will cause climate change and Doctors for the Environment maintain it will add to the impact of coronavirus.

Gas policy is like electricity policy another example of using energy as a political football that might garner the votes from unthinking activists. Such votes shore up the ALP's Green threatened inner-city seats but at the cost of the cheap power that was once the backbone of industry competitiveness in Victoria. Gas prices, that for long were around \$3 per gigajoule (where they remain in the United States) are now more than double that.

We can only return to the low-cost structures we formerly enjoyed by embracing new technologies that allow us to tap energy resources that have become low cost. Australia's east coast reserves of CSG

may comprise 275,000 petajoules, far more than the 160,000 petajoules estimated for conventional natural gas.

The techniques of fracking, using minute chemical injections into the coal seams, have been used for over 50 years, including in Australia, with no adverse outcomes on water supply or the environment generally. But, following a concerted scare campaign ten years ago, which was unfortunately amplified after receiving support from Alan Jones, fracking is, in effect, permitted only in Queensland (and recently in the Northern Territory). Even so, this “unconventional gas” has grown from nothing to some 25 per cent of Australia’s gas supply over the past fifteen years. In the US “unconventional gas”, mainly from shale oil, now provides three-quarters of supply.

Australia lacks the political leadership evident in North America where states and provinces (and the Federal government under Donald Trump) will promote sound policy and take on the fatuous and falsehood-ridden claims of enviro-activists.

We are all the poorer and more vulnerable to economic adversity as a result.

*Alan Moran is with Regulation Economics. His latest book is Climate Change: Treaties and Policies in the Trump Era. Got something to add? Join the discussion and comment below.*