

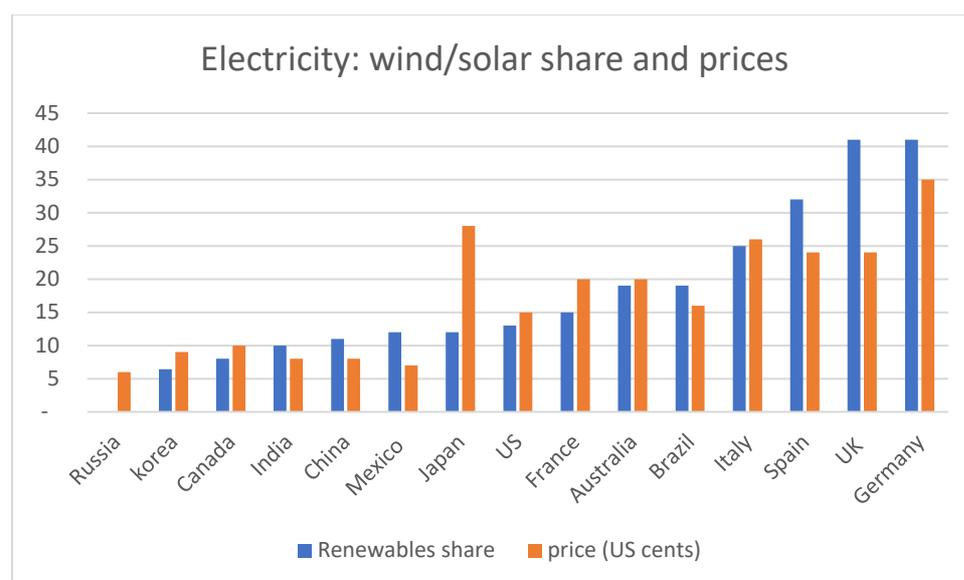
# Why won't the advocates tell us the cost of net-zero?

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Wind and solar nowhere in the world can compete without subsidies which drive out more competitive supplies and eventually raise electricity costs and/or taxes. One manifestation of the cost stemming from increased renewables supplies can be seen in the price of electricity. The [average electricity price](#) alongside the penetration of [wind/solar](#) for the 15 largest economies in the world shows this pattern. The relationship of wind/solar and price indicates the share of renewables accounts for 64 per cent of the difference in prices between these major economies. (Other causes include policies on nuclear energy as well as natural endowments and pricing regulations).



Fortescue's Andrew Forrest claims an upside from CO2 abatement policies will be a triumph of green [hydrogen](#), the value of which from his firm alone will (with, of course, government assistance) within a few years surpass all our energy exports. Dr Forrest may be the most starry-eyed climate activist but there is a conga-line of chancers behind him singing the praises of an energy product that, with present technology, costs five times as much as gas and has no known possibility of being stored and transported in the required quantities.

Promoting a less extreme but still unrealistic future for hydrogen are other renewables' advocates, including the Business Council of Australia (BCA). However, for the next decade they put most of their CO2 abatement eggs in the wind/solar basket. In doing so, they subscribe to the analysis of agencies like CSIRO, which claim that wind/solar is the cheapest

form of electricity. The BCA, like others will not accept the corollary of this – namely that subsidies to wind and solar are therefore not needed.

Most of Australia's more grounded politicians recognise that a cost is involved in moving to net zero. No politician however - NOT ONE – has ever offered an estimate of what that might be. The Treasurer would be expected to be the most aware of the cost penalty but when recently pressed by Andrew Bolt he merely smiled engagingly and prevaricated.

The latest Australian politician climbing aboard the policy of net zero emissions is Peter Dutton, which means the Liberal Party is solidly in support. Many in the National Party have indicated a willingness to support the policy if there are sufficient electoral bribes for the regions. Opposition is therefore confined to some Nationals and minor parties including One Nation, United Australia and the Liberal Democrats.

One measure of the cost of action is the tax required to bring about the required level of abatement, that is, the level of tax needed to bring about the replacement of CO2 emission-intensive coal and gas by other forms of supply - effectively at present wind and solar. The notoriously warmist International Energy Agency put the tax for net zero at \$US75 per tonne of CO2, which equates to a price hike for Australian electricity of around \$75 per MWh on top of the \$50 per MWh price prevailing prior to subsidies to renewables biting. Others put the costs much higher – New Zealand's Productivity Commission estimated the tax rate to achieve net zero could be as high as \$NZ650 per tonne of CO2.

In fact, the cost will vary with the emission reduction trajectory, rising with each increasing increment of hydrocarbon replacement.

For Australia, the cost of displacing this hydrocarbon supply by wind/solar, for the latest year available amounts to about \$10 billion. This comprises \$7 billion in subsidies (regulatory requirements and direct support in government grants and loans) and \$3 billion in new transmission, pump storage and other measures necessary to operationalise the inherently intermittent and low system strength of renewables.

Australia's total emissions from electricity production (called Stage 1 emissions) in 2013 were [182 million tonnes](#). Since then, renewables have risen to comprise one fifth of supply, which equates to some 36 million tonnes emissions a year avoided by the replacement of coal.

At the \$10 billion a year cost, the abatement of 36 million tonnes of CO2 equates to an annual de facto tax equivalent of \$280 per tonne of CO2. At the \$10 billion a year cost, the abatement of 36 million tonnes of CO2 equates to an annual de facto tax buyout equivalent of \$280 per tonne of CO2. (NOTE: if we assess the tax as being \$10 billion on a numerator of 182 million tonnes, the rate is \$55 per tonne.) Hence the tax we are paying for an outcome that is regarded as derisory by alarmists, subsidy seekers and the bulk of the mainstream media already vastly exceeds that which is paraded as being the standard tax cost. Hence the tax we are paying for an outcome that is regarded as derisory by alarmists, subsidy seekers and the bulk of the mainstream media already vastly exceeds that which is paraded as being the standard tax cost.

None of these costs are revealed in politicians' public espousals of net zero policies. Unless the net zero target is merely a slogan that can be renounced, it is the duty of politicians to inform the electorate of the cost of the policies they are promoting and to explain the benefits. This is all the more so since Australia's system of governance prevents it from adopting a policy target many years distant without this having immediate program outcomes.