

Environment is secondary to private profits

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Investing in renewable energy is being ignored to keep fossil fuels burning. The idea that coal-fired electricity generation can continue to be the major contributor to global electricity generation and the world can still restrict carbon dioxide emissions to a level constant with holding climate warming below 2 degrees is a fairytale, according to letter in the premier science journal 'Nature' (published online, May 7, 2008).

Vaclav Smil, of the University of Manitoba, in Canada, makes a new point that is critical to the debate as it is being run by state and federal governments in Australia: "Carbon geosequestration is irresponsibly portrayed as an imminently useful large-scale option for solving the challenge. But to sequester just 25% of carbon dioxide emitted in 2005 by large stationary sources of the gas we would have to create a system whose annual throughput by volume would be slightly more than twice that of the world's crude-oil industry, an undertaking that would take many decades to accomplish."

And yet the Brumby and Rudd Governments persist in pouring money into geosequestration research at the expense of developing solar energy, among other renewable alternatives. Last month Premier John Brumby announced a \$127 million package to develop "clean coal" including a \$110 million fund to establish new large scale, pre-commercial carbon capture storage demonstration projects. These latest commitments will take Victoria's total clean coal investment to more than \$244 million since 2002.

Geosequestration is not only prohibitively expensive, it is energy- intensive and potentially unsafe even by comparison to the cost of storage of the nuclear waste byproduct from nuclear power generation.

More damning still is the fact that, even if research could produce a safe and economical method of sequestering carbon dioxide, its widespread operational use would come too late to prevent atmospheric carbon dioxide rising to beyond 450 parts per million where scientists say global warming would move beyond human capacity to manage.

The main benefit of the investment in geosequestration is that its promise, no matter how nebulous, provides an excuse for "business as usual" for the highly profitable coal industry.

If the Brumby Government's real concern was the people in the Latrobe Valley, it would be spending the money developing a regional economic policy for Gippsland, involving an audit of the region's competitive strengths and encouraging the establishment and development of those industries the region could potentially best exploit.

If the Government wished to buy time, it could look at prospects of switching the existing power generators from brown coal to natural gas as a transitional measure.

Longer term, there is the prospect of integrating the generators with concentrated solar thermal plants where the solar energy can be stored as heat to generate base-load power. While Gippsland isn't the sunniest part of Victoria, it has the advantage of the transmission infrastructure already in place to reticulate electricity to the bulk of the Victorian electricity market.

Based on recent reductions in the cost of renewable energy and industry forecasts, it is expected that the cost of renewable generation — particularly from solar and hot rocks — is likely to be competitive with fossil-fuel generation with the carbon price of \$20 to \$30 per tonne already being anticipated by the market.

There is a genuine "infant industry" argument for assistance to renewable electricity generation. An expanding market for solar energy will drive down costs through research, innovation and economies of scale. It was an industry in which Australia had a genuinely competitive advantage up until the mid-'90s when the previous federal government thought it was better to cut government debt than finance developments in this industry, either directly or indirectly through research projects in universities and CSIRO.

Nothing much has changed, except the rhetoric. This month Victoria, following the other states, rejected the option of a "gross feed-in" tariff in favour of a "net feed-in" tariff on domestic solar panels on the grounds of expense.

The cost of fitting solar is about \$24,000, less a federal subsidy, which has been changed from a flat subsidy of \$8000 reduced to \$4000 for households on incomes above \$100,000.

The effect of both measures will be to destroy the fledgling household solar industry. The excuse is that it would impose too much of a burden on working-class families (Brumby) and it is middle-class welfare (Rudd). Rubbish.

The Brumby Government said the average cost of the "gross" tariff would be \$100 per customer — a mischievous and misleading figure that ignores that fact that the largest and richest customers consume the most electricity. To assume that Alcoa would be up for the same amount as a small household in Frankston is idiotic.

The purpose of the installation subsidy is to reduce carbon dioxide, not give middle-class welfare. The gains accrue to the environment, not whose roof it sits on. As Victorians who have installed solar know, their decision was based on altruism, not financial advantage.

The only beneficiaries of the solar decisions are the privatised fossil fuel generators.

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