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# Trump's energy policies are a game changer for renewables

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2024 ended with the now-customary government energy reviews and reports. The Senate [Select Committee on Energy Planning and Regulation in Australia](#) reported on the National Electricity Market (NEM) comprising the eastern states and South Australia. The report reflected the kaleidoscope of the Parliament's views on energy.

The recommendations of the Chairman, Senator Van, (a Liberal turned independent) included having the Productivity Commission (PC) conduct a review of the energy network. Other recommendations sought to reduce the costs of the battery storage necessary to complement the increase in dispersed wind and grid-scale solar. Six of the 22 recommendations call for

measures to promote 'Community Energy Resources' (home and factory batteries) in order to counteract intermittent wind and solar generation. This perspective owes much to the influence of Bruce Mountain of the Victoria Energy Policy Centre.

Mountain has carefully critiqued the tumescent costs of the transmission network that is required to deliver dispersed wind and grid-scale solar generation. However, his solutions for local storage would involve costs that, on the most optimistic analysis, might offer the average household a day's supply for a cost of [\\$21,000](#). That is \$147 billion for the nation's 7 million households but a reliable system would need at least 10 days of storage costing around a year's GDP with the batteries requiring replacement at least every ten years!

The impossibility of firming a system dominated by renewables has been covered by [Mark Mills](#), [Francis Menton](#), [Paul McArdle](#) and many others. The closure of prominent businesses on King Island demonstrates the real-life unreliability of a system reliant on wind and solar. In spite of considerable spending on the island's renewable energy system – including a [\\$12 million 200 KW Wave Powered](#) generator – it could not support a value-adding process.

Senators Pocock and Canavan supported the Senate Committee Chair's recommendations but offered 'Additional Comments'.

Senator Pocock's views appear to be similar to those of the Greens. He supported the recommendations for 'Community Energy Resource' but thought decarbonisation received inadequate priority.

Senator Canavan, whose views depart from those of the Coalition leadership, noted that regulators had acknowledged that emission rules – not relative costs – are forcing the closure of coal and the creation of wind and solar generation. He recommended comprehensive cost-benefit studies

of alternative energy system policies, the removal of the nuclear ban, and eliminating the requirement for 82 per cent renewables by 2030. He argued that the Capacity Investment Scheme, the energy contracting machinery that is now the main lever used by the government to subsidise their preferred new generation building, should be technologically neutral rather than, as at present, be oriented to wind and solar.

The ALP senators considered the report failed to sufficiently acknowledge what it calls reforms underway for new transmission and technology and the 'underlying imperative to transition the grid to Net Zero'. They were supportive of the Community Energy Resources program, which they considered to be already underway, and were critical of attempts to include nuclear power in the future mix.

The ALP Senators were opposed to a Productivity Commission review. This is understandable as the Productivity Commission often provides advice that is unpalatable to government. For this reason, the state and federal governments' peak advisory body, the Energy Security Board, has been charged with laying the foundations for 'Australia's new energy future'.

Government has also established a four-person NEM Wholesale Market Settings Review Panel to advise on how better to administer the electricity market of the future. Needless to say, the panel members appear to be aligned with the need to accelerate the 'transition' to renewables.

In its Initial Consultation, it is my view that the panel showed a misunderstanding of the history of the Australian market based as it is on minute-by-minute spot prices and of how this brings a matching of demand with supply and helps entrepreneurs assess future investment needs. Indeed, in its first dozen years to 2011 – before the renewables subsidies (which total some [\\$16 billion](#) a year) totally undermined the market – investment was delivered at the right time and of the type necessary. This

included 3 gigawatts of coal (mainly in Queensland) and 7 gigawatts of gas. (Total hydrocarbon capacity is presently 31 gigawatts.)

The transformation of Australia's low-cost, reliable electricity supply system into one that is now high-cost and unreliable is a result of subsidies and other interventions that favour renewable energy and disadvantage coal (which supplied over 80 per cent of electricity 25 years ago and still provides half).

Australian politicians now almost universally favour continued market interventions. For some this is out of a conviction that the future demands emission-free supplies which require subsidies. Others consider political intervention is necessary because regulations favouring renewables and demonising coal and nuclear now prevent a true market from operating.

Australian policy will inevitably be conditioned by global changes, especially the incoming Trump administration's intent to abrogate as much as it can of the Biden administration's renewable energy policy. Trump's policies will destroy the *Paris Accord*, which underpins renewable energy policies among developed nations; this will further undermine the cost-competitiveness of countries that continue to follow a renewable energy blueprint. Will Australian politicians recognise the disastrous costs they are imposing on the economy with their increasingly lonely crusade to kill-off coal usage and with it the nation's unequalled ability to once again have the world's most competitive electricity supply?

*Alan Moran was the senior Victorian representative on the committee that devised the original National Energy Market*