

Labor Senators' Dissenting Report

1.1 Labor members of the committee note the clear lack of any coherent energy policy from the Government, which has led to a spike in system unreliability, electricity prices and carbon pollution.

1.2 Labor members note that this overarching lack of policy direction from the Government sends confusing signals to the energy market in Australia, which includes coal fired power generation, which is causing an investment freeze for all types of new electricity generation assets and is putting affordability and reliability of electricity under increasing threat.

1.3 Labor members note that having generation closure decisions made by private participants without guidance from Government can, and has, led to chaotic closures that place system reliability and affordability at risk, as well as placing unnecessary stress on workers and communities.

1.4 It was clear from the overwhelming majority of evidence to the committee that the Government's ever changing policy position on the Renewable Energy Target has contributed to reduced investment in new energy supply in Australia, particularly renewable energy.

1.5 It was also clear the Government's refusal to articulate and implement a clear national energy policy post 2020 has undermined investment decisions in the sector, which have in turn undermined system reliability and affordability, as well as the transition to low emission generation.

1.6 Labor members note the Government's own carbon pollution projections show emissions in 2030 to be the same as recorded in 2005, while the Federal Government's commitment under the Paris Agreement is a minimum reduction in emissions of 26-28 per cent on 2005 levels by 2030.

1.7 Labor members note that evidence to the inquiry indicates that in order to achieve this emissions reduction at the least cost, policy settings should be stable and predictable.

1.8 Stable, long-term and bipartisan policy settings are most conducive to least-cost investment and abatement in the sector, which translates to lower prices for electricity consumers.

1.9 Labor members note the strong view of the energy industry that direct investment in new coal fired powered generation by the Commonwealth Government would very likely be unfeasible on any cost-benefit basis.

1.10 Labor members note that coal fired power generation will continue to play a significant role over the coming decades within the framework of reducing emissions in the sector.

1.11 For example, the Queensland Renewable Energy Expert Panel have indicated that the early retirement of coal-fired generation in Queensland is not required in order to achieve a 50% Renewable Energy Target in Queensland by 2030.

1.12 Labor members note that as coal fired power generators come to the end of their natural lifespan, there is no national policy framework to ensure inevitable coal plant closures occur in a manner that safeguards national electricity system stability or affordability.

1.13 Labor members note that such a framework has been called for by numerous witnesses to the inquiry, as well as diverse organisations in public debate, ranging from the Construction, Forestry, Mining and Energy Union to the Business Council of Australia.

1.14 Labor members note that as coal fired power generators come to the end of their natural lifespan, policy mechanisms need to give effect to a just transition for affected workers and communities likely impacted by generator closures.

1.15 These measures need to ensure that workers are not abandoned without appropriate notice, support and employment opportunities, and should include worker transfer schemes of the type recently agreed for workers at Hazelwood.

1.16 Labor members note that a coherent energy policy with long term consistent investment signals that support new generation investment delivers better outcomes for workers than the current Government's lack of national policy and constantly changing priorities and proposals.

1.17 To achieve the transition at least cost, policy settings should be stable and predictable and should utilise the latest and future technologies, in both generation and storage.

Recommendation 1

1.18 The Federal Government restate its commitments to both the Paris Agreement and the Renewable Energy Target, in light of mixed messaging and conflicting signals from the Government which are hurting investment.

Recommendation 2

1.19 The Federal Government commit to developing and implementing a stable and consistent energy policy to support new investment in the sector post 2020 through its 2017 Climate Change Review and that as a matter of urgency, it re-introduce an emission intensity scheme into consideration by this review.

Recommendation 3

1.20 The Federal Government establish mechanisms to support a just transition for workers and communities resulting from the retirement of coal fired power generators, including a national framework for worker redeployment schemes modelled on the Victorian Government's Latrobe Valley Worker Transfer Scheme.

Senator Anthony Chisholm

Senator Sam Dastyari

Senator Anne Urquhart

