

# ATTACHMENT 1

## The Hidden Cost of Climate Policies and Renewables

By Dr Alan Moran of Regulation Economics

Respected independent economist Alan Moran's report on  
the EXTRA costs of government renewables and climate policies

<https://www.malcolmrobertsgld.com.au/dr-alan-moran-report/>

# THE HIDDEN COST OF CLIMATE POLICIES AND RENEWABLES

By Dr Alan Moran – Regulation Economics

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## Executive Summary

Australia's excessively high electricity prices are undermining our economic resilience and competitiveness and cutting our standards of living. Since 2002 Australian governments, in a misguided quest to reduce carbon dioxide, have introduced climate policies at the expense of cheap coal and gas power. Our electricity prices, once the lowest in the world, have become one of the most expensive.

This report, commissioned by Senator Malcolm Roberts, undertakes a comprehensive analysis of climate policies and renewable energy subsidies. Australians will be shocked to know the true financial burden of these policies on households and industry. These hidden costs drive up all costs of living, including electricity, food, water and transport.

In summary, the report states the financial impact of climate policies and renewable subsidies:

- costs households at least \$13 billion annually, or around \$1300 per household;
- accounts for 39% of household electricity bills, not 6.5% the Government typically quotes;
- causes a net loss of jobs in the economy; with every green subsidised job created, 2.2 jobs are lost.

This analysis shows the cost of these climate policies to household electricity bills is an extra \$536 per annum, significantly more than the touted \$90 per household per annum. In effect the government-imposed climate policies and renewable subsidies account for 39% of householders' electricity costs. The total cost to households, if we add the higher electricity costs passed on through businesses, equals \$13 billion or \$1300 per household.

Australians have been kept in the dark regarding the true costs of climate policies which are driving up our everyday cost of living. In a true market economy wind and solar power are spectacularly unviable and currently cost taxpayers \$8 billion per year. Even with nearly two decades of increasingly favourable policies and subsidies, the renewables industry has yet to grow up and show itself beyond a fledging and dependent infant, acting as a parasitic malinvestment on our energy system.

The true cost of electricity would be \$13 billion per year less if cheap and reliable coal production was not lumbered with misguided climate policies that force investments in renewables. The ongoing subsidies to renewable power provide a huge and distorted market advantage, and by default, reduces the market for low cost coal-based power generation. This market distortion increases the wholesale prices of electricity to \$92.5 per MWh, up from \$45.4 per MWh.

The renewables industry gloriously claims job creation yet fails to disclose the full story. Studies, notably one from Spain in 2009, show that if a government's so-called "green" energy subsidies and advantageous regulations were directed at the broader economy, 2.2 more jobs would be created for each "green" job.

Investment in supposedly green energy is a malinvestment. Governments have taken liberty and licence to both blatantly distort and exclude key facts to keep Australians literally in the dark about the inflated costs and future unreliability of our electricity system.

It defies all sense that Australia's average price per kwh for electricity is three times that of India and China when they are using our coal. All Australians have a right to benefit from our rich natural resources and governments have an obligation to foster high growth environments for Australian industry and support high standards of living for all of us. The parasitic and hapless renewables industry will provide neither.

Despite Australia's Chief Scientist stating that Australia's efforts to reduce carbon dioxide will have virtually no effect on global temperatures, climate change policies persist and add alarmingly high costs to households.

My conclusion is that the way forward must involve the termination of all regulatory favours which uniquely reward renewable energy supplies and the cessation of budgetary support for all energy supplies. Such reform measures include ceasing to subsidise transmission links and other grid measures to compensate for the inherent deficiencies of the weather-dependent wind and solar.

Full report available at <https://www.malcolmrobertsqld.com.au/dr-alan-moran-report/>