

'We don't need it': Critics say plan for new gas power is unnecessary

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A former BP Australasia president warns the federal government's plan to underwrite the expansion of gas infrastructure is more of an industry rescue package than a stimulus plan to drive the economy out of the coronavirus pandemic.

Greg Bourne, a former president of BP Australasia and energy adviser to Margaret Thatcher, said private money was fleeing the gas sector around the world and he doubted whether the government's push on Tuesday for a new gas power station in the Hunter Valley would ever go ahead.

"The Australian Energy Market Operator says we don't need [a 1000 gigawatt gas plant in NSW], AGL says we don't need it, the Australian Energy Market Commission says we don't need it and investors won't put money into it," said Mr Bourne, now a member of the Climate Council.

He said if the plant was built it would create only hundreds of jobs during the construction phase and tens of jobs after that, compared with hundreds of thousands of potential jobs created by expanding renewable capacity and energy efficiency measures.

Mr Bourne also said any jobs created would occur years after they were needed to buffer the region from the worst of the economic shock.

Brian O'Callaghan, an Australian economist who is leading an Oxford University study into global economic stimulus efforts said Australia was the only one of 20 the group had studied that was backing fossil fuels, with others either focused on renewables or not committed.

He said renewable projects had greater long term positive impacts because they demanded a larger local workforce and resulted in securing a cheap or effectively free energy source upon completion.

"I would not necessarily say [expanding gas] is bad policy, I would just say it does not work as stimulus," he said. "Gas is an important part of Australia's energy future, but from our point of view it is not the role of government to be subsidising it."

Mr Bourne argued that opening new gas fields and subsidising new pipelines would not guarantee cheap energy for industry because the international market determined prices. He said private money from around the world was abandoning the gas sector as prices collapsed.

"It is like announcing you are going to invest in the horse and cart just after Henry Ford has started producing cars," he said.

Power industry leaders including Sarah McNamara of the Australian Energy Council on Tuesday questioned the rationale for seeking so much extra gas capacity in NSW.

The Australian Energy Market Operator last month found the outlook for the grid following the closure of AGL's Liddell coal-fired power plant in April 2023 had improved due to a new interconnector with Queensland and an influx of renewables and large-scale batteries. The agency's most recent assessment identified a potential shortfall in NSW of just 154 megawatts.

Bruce Robertson, an energy analyst with the pro-renewables Institute for Energy Economics and Financial Analysis said few Australians had any idea how many gas projects already existed in Australia and how destructive they were to the climate. "If we are going to get to net zero [emissions] we need to stop using gas, not increasing our gas use," he said.

Dr Madeline Taylor, a University of Sydney energy specialist, said that pushing gas infrastructure could become a "fast-track road to stranded asset liabilities" for the government in years to come.

"Gas is no longer necessary to transition to clean energy, renewable technology and storage capacity have rapidly accelerated and indeed are the basis of more commercial investment decisions currently," she said.

"Oil and gas corporations are folding with \$11 billion of Chevron gas assets being put up for sale. New gas projects are not commercially viable long-term and the age of gas is coming into decline."

Hostplus trustee Tim Lyons said the government's policy was propping up an ageing industry that the private sector had steered clear of because the investment case did not stack up.

"If this project that's been touted by the PM was economically viable on its own, someone would have built it. So by definition, it's subsidised," said Mr Lyons, who was not authorised to speak on behalf of Hostplus.