


PM Scott Morrison weighs cheap loans for clean coal plants

By **JOE KELLY**, POLITICAL REPORTER

7:03AM OCTOBER 24, 2018 •  147 COMMENTS

Scott Morrison will seek advice on whether taxpayers' money should provide discounted loans for new baseload power generation — including new clean coal plants — as he seeks to draw up a “pipeline” of potential projects to make electricity supply more reliable.

The Prime Minister will also introduce legislation this year empowering the Treasurer to divest the assets of major energy companies for price gouging and anti-competitive conduct on advice from the competition watchdog.

The measures are part of a package aimed at bringing down power prices after the Wentworth by-election opened up a new front in the Coalition's civil war over climate policy, with some Liberal MPs attributing the seat's loss to uncertainty over the government's emissions-reduction policies.

“We want to see the electricity price come down,” Mr Morrison said. “We have a plan to achieve that and that plan is to get big energy companies under control.”

Energy Minister Angus Taylor yesterday wrote to energy companies, convening a roundtable at which he will ask them to reduce power prices by January 1. The measures come ahead of the introduction of a “default market offer” against which energy retailers will be required to set their prices for small businesses and households — a move that will save some customers up to \$832 a year but which was attacked by AGL on the basis it would reduce power investment. Mr Morrison also confirmed he had “always been open” to injecting more money into the Emissions Reduction Fund to bolster greenhouse

gas reductions amid an internal push from moderate MPs concerned at a lack of action on climate change following the Wentworth by-election rout.

He said that “common sense and technology” would help Australia meet its Paris targets and warned that Labor’s 45 per cent emissions-reduction target “would have a bigger impact on household electricity prices than the carbon tax”.

Announcing new steps being taken by government, Mr Taylor yesterday revealed he had opened consultations on a new “design program” that would facilitate the entry of more dispatchable power into the energy system.

The consultation process will canvass a range of options that go further than the key recommendation of the Australian Competition & Consumer Commission for the government to provide a backstop revenue guarantee for new baseload power entrants. The ACCC proposal would have seen the government entering into energy offtake agreements where it would become the “buyer of last resort” between years six and 15 for new generation projects.

The government will now examine other options, including whether it should provide concessional loans and enter into other financial contracts to help facilitate the entry of new baseload power generation into the system.

The consultation period will conclude on November 9.

In another departure from the approach recommended by the ACCC, Mr Taylor will look at extending government support to fund upgrades to existing power generators — a proposal which could capture AGL’s Liddell coal-fired power plant in the NSW Hunter Valley. Mr Morrison said yesterday the new measures could assist the construction of a new coal-fired power station “where it stacks up” and “where it meets all the requirements”.

Other projects eligible for government assistance could include renewable generation sources with physical or financial firming arrangements to remain consistent with the federal government’s technology-neutral approach.

Opposition Leader Bill Shorten challenged the government today over its climate policy, asking why it had abandoned the national energy guarantee, which Labor says should now be revived.

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