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In coal we trust: Australian voters back PM Morrison's faith in fossil fuel

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6 MIN READ



MELBOURNE (Reuters) - Australia's re-elected Prime Minister Scott Morrison once brandished a lump of coal in parliament, crying, "This is coal - don't be afraid!" His surprise win in what some dubbed the 'climate election' may have stunned the country, but voters should know what comes next in energy policy - big coal.

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FILE PHOTO: A reclaimer places coal in stockpiles at the coal port in Newcastle, Australia, June 6, 2012. REUTERS/Daniel Munoz/File Photo

Battered by extended droughts, damaging floods, and more bushfires, Australian voters had been expected to hand a mandate to the Labor party to pursue its ambitious targets for renewable energy and carbon emissions cuts.

Instead, they rejected the opposition's plans for tax reform and climate action, re-electing a Liberal-led center-right coalition headed by Morrison, a devout Pentecostal churchgoer who thanked fellow worshippers for his win at a Sydney church early on Sunday.

The same coalition government last year scrapped a bipartisan national energy plan and dumped then-prime minister Malcolm Turnbull because he was viewed as anti-coal.

Power companies and big energy users, who last year rallied behind the national energy plan to end a decade of policy flip-flops, said on Sunday they wanted to work with the coalition anew to find ways to cut energy bills and boost power and gas supply.

"We just need this chaotic environment to stop and give us some real direction," said Andrew Richards, chief executive of the Energy Users Association of Australia, which represents many of the country's largest industrial energy users.

The country's power producers - led by AGL Energy, Origin Energy and EnergyAustralia, owned by Hong Kong's CLP Holdings - want the government to set long-term goals to give them the confidence to invest an estimated A\$25 billion (\$17 billion) needed for new power supply.

"Customers are looking to energy companies and the government to get bills down and secure our energy supplies," said EnergyAustralia Managing Director Catherine Tanna.

"We have an opportunity now to reset our relationships and recommit to working toward a clear, stable and long-term energy policy," she said in comments emailed to Reuters after Saturday's election.

At Origin Energy, Chief Executive Officer Frank Calabria said in emailed comments he would be looking for appropriate policy that would allow the company to invest in a pumped hydro project and gas exploration in the Northern Territory.

DIVISIVE DEBATE

Australia has endured years of divisive debate on energy policy, with attacks by the Liberal-led coalition on Labor's "carbon tax" policy helping to bring down the government of then-leader Julia Gillard in 2013.

Despite top companies, from global miner BHP Group to Australia's biggest

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independent gas producer Woodside Petroleum, calling for the country to put a price on carbon emissions, the Liberal-led coalition killed the carbon price mechanism in 2014.

Its own attempts to fashion a bipartisan national energy policy foundered amid fierce opposition from coal supporters and climate skeptics on its right-wing.

Its policy now is focused on driving down power prices and beefing up power supply. For the moment that includes underwriting a new coal-fired power plant and providing A\$1.38 billion toward a A\$4 billion energy storage expansion at state-owned hydropower scheme Snowy Hydro, designed to back up wind and solar power..

While the coalition stuck to an official target to cut carbon emissions by 26-28% from 2005 levels by 2030, the United Nations warned last year Australia was unlikely to meet this goal.

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The opposition Labor party campaigned on more aggressive targets, aiming to cut carbon emissions by 45 percent by 2030 and reach 50 percent renewable power by 2030. The re-elected Liberal-led coalition has no renewable energy target beyond 2020.

ADANI JOBS = VOTES FOR COALITION

Slideshow (4 Images)

In the election, stopping a coal mine in the northern state of Queensland proposed by Indian conglomerate Adani Enterprises was the catchword for inner city voters in the south pressing for tough action on climate change.

Labor, torn between its traditional union base and its urban environmentally conscious supporters, made no commitments on the Adani mine. The move backfired in the mining heartland of Queensland, where voters with jobs in mind handed the Liberal-led coalition crucial seats in the election.

Adani Mining Chief Executive Lucas Dow said the state Labor government, which has repeatedly extended environmental reviews of Adani's Carmichael mine, should learn from Labor's defeat in Queensland, listen to its own voters and let the mine go ahead.

"As evidenced by this weekend's election results, Queenslanders have no tolerance for political actions that are unjust and put people's livelihoods at risk," Dow said in a statement.

A spokesman for Queensland's Department of Environment and Science said

departmental representatives had met with Adani on Monday and “negotiations are continuing” on the company’s plans.

Energy users and the power industry, however, see the transition to cleaner energy as inevitable, with states pushing ambitious targets out of line with the national government.

At the same time, Australia, the world’s second-largest exporter of coal for power, faces falling demand for coal as its biggest customers - Japan, South Korea, China, Taiwan and India - are shifting towards cleaner energy, said Tim Buckley, a director at the Institute for Energy Economics and Financial Analysis.

“I would expect the coalition to fight a rearguard action that will slow the transition, but they can’t stall it,” he said.

Reporting by Sonali Paul; Editing by Richard Pullin and Kenneth Maxwell

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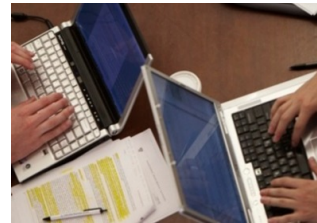
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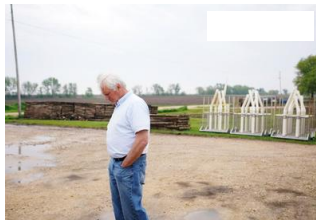
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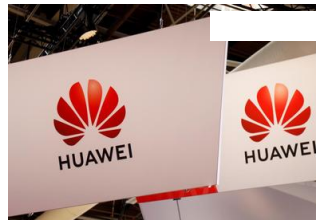
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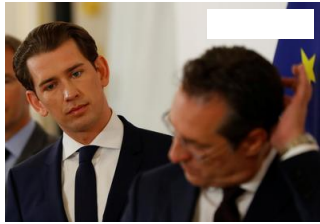
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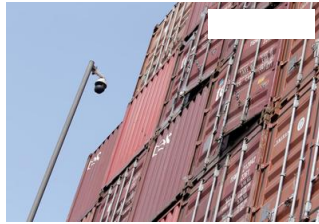


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