We’re all feeling the pain of increased power prices. But when it comes to the causes of price rises there’s a lot of misinformation out there in the community, so here are the facts...

WHAT’S CAUSING INCREASED POWER BILLS?

*Market Uncertainty* - Abbott/Turnbull government attacks on renewable energy since 2013 saw investment in the sector collapse by 90 percent and over 2,500 people lose their jobs. Melbourne’s leading renewable energy companies cut nearly one in 10 jobs in 2014 alone as new wind and solar farms were put on the backburner. Market uncertainty preventing new capacity from being built is a key cause of bloated power bills.

*Greedy Energy Retailers* - The Australia Institute’s *Electricity Costs* report shows prices have increased at three times the rate of inflation because retailers have been making huge annual profits. A recent report by former state Liberal MP Terry Mulder and Labor MP John Thwaites finds power prices have increased 200% since privatisation. The Thwaites/Mulder review recommends measures to rein in the energy retailers and pass on savings to electricity users.

WHAT’S HAPPENING WITH COAL POWER?

Victoria’s fleet of coal power plants are old and approaching retirement.

French company Engie closed the state’s largest coal power plant, Hazelwood, in March 2017 after operating ten years longer than its technical life. Engie had let the plant run down and it became a hazardous work environment. As a result of Worksafe Victoria investigations, it was going to cost more than $400m to make it safe enough to keep it open.

Engie’s decision to close the plant was no surprise, as it has made a public commitment to divest from coal power generation as part of global efforts to limit global warming to 2°C.

OLD COAL POWER PLANTS, UNRELIABLE

A report by The Australia Institute *Can’t Stand the Heat* report found the country’s fleet of coal and gas power plants are unreliable—especially during heatwaves when most needed. “During the February 2017 heatwave across south eastern Australia, 3,600 MW failed during critical peak demand periods in South Australia, New South Wales and Queensland as a result of faults, largely related to the heat. This is equivalent to 14% of the total capacity of the coal and gas power plants in those states.”

In November 2017, generator units at the Loy Yang A and Yallourn coal power plants broke down, removing 940MW of capacity in Victoria.

POWER SUPPLY SECURE, SAYS MARKET OPERATOR

Despite the issues resulting from aging coal power plants, the Australian Energy Market Operator says electricity supply is secure. It has said repeatedly that the closure of Hazelwood will not affect the reliability of Victoria’s energy system. “In response to some media reports, AEMO confirms its previous advice that the closure of Hazelwood will not compromise the security of the Victorian electricity system nor the broader National Electricity Market (NEM) next summer.”

GOOD NEWS: RENEWABLES KEEP A LID ON POWER PRICES

The state government’s Victorian Renewable Energy Target essential to keeping a lid on power prices. It is the only policy encouraging new generation capacity to be built. Renewables are the cheapest form of new energy.

The law of supply and demand dictates that building new solar and wind farms will put downward pressure on power prices. The Victorian Renewable Energy Target is expected to save households an estimated $30 on their power bill each year. Small-medium businesses will save $2,500 a year and big business will save up to $140,000.

GOOD NEWS: MORE RENEWABLES = MORE JOBS AND INVESTMENT

The Victorian Renewable Energy Targets of 25 percent by 2020 and 40 percent by 2025 are expected to create 10,000 jobs in solar and wind across the state, from wind tower manufacturing in Portland to transformer manufacturing in Glen Waverley and Benalla, and warehousing in Lyndhurst.

Wind farms are also a major contributor to regional communities by providing a drought-proof income stream for farmers that host turbines and local councils via rate payments.
Victoria’s energy system is transitioning away from polluting coal and gas towards clean renewable energy sources such as solar and wind. This shift is essential to rein in greenhouse emissions that cause climate change.

BAD NEWS: CLIMATE IMPACTS ARE HERE & NOW

Climate change is driving unprecedented melting of the polar icecaps and bleaching of the Great Barrier Reef. More locally, parts of Victoria experienced a record dry June in 2017 and are facing increased bushfire risk in summer.

People in rural and regional Victoria have told us climate change is “changing the seasons.” We have heard community concern about the bushfire season starting earlier and lasting longer; intensifying heatwaves; and the impact of extreme weather (heavy downpours, etc).

POLITICAL SITUATION: FEDS FAIL ON CLIMATE

The Turnbull government has failed the country on climate change. Since taking office in 2013, the Abbott/Turnbull Coalition has scrapped national climate change policies, attacked renewable energy, and come to the aid of coal and gas interests like the Adani coal mine.

Policy failure at the Federal level has left Victorian communities exposed to climate change impacts—from increasing heatwaves, droughts, and bushfires.

GOOD NEWS: THE COMMUNITY IS ACTING ON CLIMATE

Communities across Victoria—from Portland to Yackandandah—are already rolling out climate change solutions. Solar and wind farms are popping up in the regions. And towns such as Donald and Charlton are investing in flood levies to protect vulnerable parts of the community.

There is a growing chorus calling on Victorian political parties to show leadership where the Turnbull government has failed.

GOOD NEWS: PROGRESS IN VICTORIA

In 2017, the Victorian government strengthen state climate change laws; banned onshore gasfields (a potent source of emissions), and legislated ambitious Victorian Renewable Energy Targets.

Victoria’s renewable energy rollout will cut electricity sector emissions up to 16 percent, helping the state meet its legislated net-zero emissions target by 2050.

WHAT WE NEED FROM VICTORIAN POLITICIANS:

It will take leadership from Victoria to rein in emissions and protect communities from climate change impacts.

Premier Daniel Andrews can trump Turnbull’s weak targets by setting ambitious climate goals. It’s essential Victoria set science-based Emissions Reduction Targets to meet the global goal of limiting warming to 1.5°C.

There’s also a critical need to ramp up investment in climate change solutions with Victoria’s first climate change-focused state budget. We’ve seen tens of billions invested in infrastructure and $1.9 billion to tackle the important issue of family violence. It’s time climate change received the investment it deserves.

The Matthew Guy opposition has been quiet on the issue to date. Yet the community expects all parties to publicly release a climate policy well before polling day. With a focus on law and order, the opposition can easily commit to uphold the state’s climate change laws (the Climate Change Act).

TAKE ACTION:

Call on Premier Andrews to deliver Victoria’s first ever climate budget: melbournefoe.org.au/join_climate_budget_push

Call on the Matthew Guy opposition to uphold Victoria’s climate laws: actonclimate.org.au/get_serious_on_climate