

RET scare campaign will be a hard sell

A report from The Australia Institute shows that the Australian public understands and supports what economists have been saying: that increasing the Renewable Energy Target (RET) puts downward pressure on electricity prices.

The polling conducted prior to Labor's 50% 2030 RET announcement showed that more than half of respondents wanted a target of 50% or more. Only 14 percent of respondents support the Coalition policy of reducing renewable energy (see table below).

"If Tony Abbott is looking to run a fear campaign about the cost of the Renewable Energy Target, he's fighting an uphill battle. He'll be going against science, economics and, it would appear, the Australian public," Senior Economist at The Australia Institute, Matt Grudnoff said.

"The government says that the RET needed to be cut in order to stop electricity prices from rising, but few people seem to believe them"

Only 17 per cent agreed with the government that a reduction in the RET would decrease electricity prices. Almost half (49 per cent) though it would increase electricity prices.

"The Australian public appear to be dismissing a lot of rhetoric and siding with the evidence. 11 studies that looked at the RET's effect on electricity prices using different models and methods they all reach the same broad conclusion.

"10 of the studies found that the RET will decrease electricity prices over time with the remaining one showing increased prices of less than a dollar a week."

"The Abbott Governments campaign to cut the RET risks putting upward pressure on electricity prices and is deeply at odds with community sentiment."

"The government's own review argued the RET delivers 'wealth transfers' from 'existing generators to both new renewable energy projects and consumers. But the government seems more concerned about coal generator profits than supporting clean energy or putting downwards pressure on power bills" Grudnoff said.

Table 1 - How will cutting the RET impact prices?

What impact do you think a reduction in the renewable energy target will have on electricity

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prices?	
Prices will increase	49 %
Prices will decrease	17 %
Prices will remain the same	16 %
Not sure/Don't know	18 %

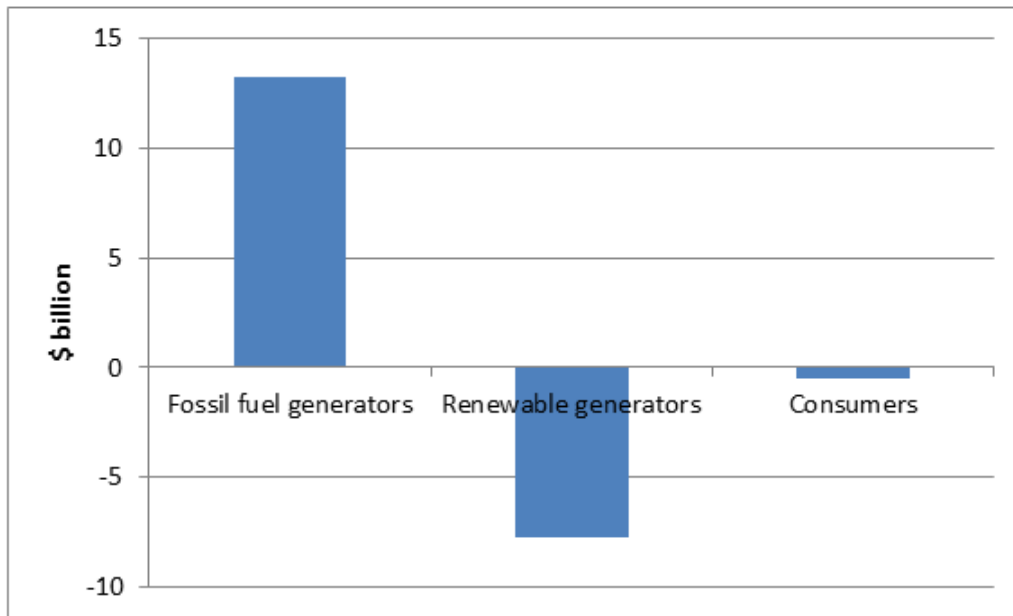
Table 4 - What should the RET be in 2030?

The current renewable energy target is around 25% by 2020. Would you support an increase in the renewable energy target by 2030?	
Yes, I think the target should be 30% of renewable energy by 2030	34 %
Yes, I think the target should be 50% of renewable energy by 2030	34 %
Yes, I think the target should be 70% of renewable energy by 2030	10 %
Yes, I think the target should be 90% of renewable energy by 2030	2 %
Yes, I think the target should be 100% of renewable energy by 2030	6 %
No, I do not support an increase in the renewable energy target	14 %

Source: TAI (2015) The Australia Institute July Survey – See Appendix 1

Figure 1 – Winners and Losers

Net Present Value over 10 years if the LRET was scrapped



Source: Bannister (2014)

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