

TITLE: 'Mr Coal's' super ministry and the challenges of merging energy with the environment

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PUBLICATION: The Guardian Australia

PUBLICATION DATE: 20 July 2016

LINK <https://www.theguardian.com/commentisfree/2016/jul/20/mr-coals-super-ministry-and-the-challenges-of-merging-energy-with-the-environment>

Malcolm Turnbull's decision to merge the environment and energy portfolios could lead to a breakthrough in the toxic climate politics that was unleashed when Tony Abbott rolled him in the December 2009 leadership coup.

Or the new super-ministry and its new minister Josh Frydenberg could be set up for failure.

It depends entirely on whether the two sides of the portfolio - energy and the environment - are set in conflict or in harmony with each other.

The environment doesn't negotiate. Global [warming trends](#) are dire and worse than predicted. We could already be seeing feedback loops where the planet responds to climate pollution by releasing its own greenhouse gases, which accelerate the cycle ever faster, to catastrophic levels.

Yet as the world rushes to ecological tipping points, we are also reaching technological tipping points. Innovation is creating new ways to produce, store, distribute, own and trade energy. That could see our electricity and transport systems rapidly decarbonised, [cheaper than](#) business as usual.

If Frydenberg does not move quickly to capitalize on this innovation, then he is caught between coal and a hard place. He either fails one half of his portfolio or fails the other half.

Andrew Bolt has praised Frydenberg's past defence of fossil fuels and named him '[Mr Coal](#)', but not everything Bolt does for his conservative friends turns out in their best interests.

Unleashing the renewables revolution is the only way that the new minister can do something significant for the environment and at the same time, build Australia's energy resources and energy security. This is an opportunity that Greg Hunt never had when he was Environment Minister.

Consider the rapid falls in price and upsurge in installation:

- Investment bankers [Lazard](#) show that utility-scale wind and solar are cheaper than new gas and coal (or nuclear) in the US already
- [Frankfurt School](#) of Finance & Management reports that renewable energy exceeded investment in coal, oil, gas and nuclear combined in 2015, for the first time. Not including large-scale hydro, renewables accounted for 53.6% (US\$286 billion) of new generation investment.
- The global market for unsubsidised renewable energy will be worth US\$8.7 trillion by 2040, according to [Bloomberg New Energy Finance](#).

Australia is reaping the benefits of cheap renewables. Victoria is following the ACT government, which used smart renewable policy to deliver rapid growth in wind and solar at [market-beating](#) prices.

What's more, renewables are intensely popular with conservatives and progressives alike. Across the political spectrum, renewable energy is the environmental measure that could unite the community: [71% of voters](#) say they would consider voting for a party that supported distributed small-scale solar and storage, and in the country seat of Indi, held by independent Cathy McGowan, [85% of residents](#) are supportive of gradually transitioning to 100% renewable energy.

If the new minister can't deliver on renewables, what can he deliver big on?

The policy dream of the "first best" option - an economy-wide carbon price - is pretty much dead, killed by anti-environmentalism on the conservative side of politics. The [most effective](#) climate policy now is to build more renewables and close coal.

This will be difficult. The narrow focus on carbon markets has starved the climate debate of other more direct and pragmatic policy options. The minister will benefit if he has an open mind to robust options including:

- Adequate rehabilitation bonds for coal mines and power stations
- Emissions standards for coal and gas plants
- Mandatory energy efficiency investments by industry and business and incentives for households
- Efficient, fast markets for electricity - a sensible reform under consideration by the federal regulator through the [Five Minute Settlement Rule](#)

In the UK, [Michael Liebreich](#) has warned that this energy transition could spark "civil war" in the Conservative Party. Liebreich would know, he is the founder of Bloomberg New Energy Finance and well connected in Conservative Party circles.

Deputy Prime Minister Barnaby Joyce is a living example of the education that Frydenberg must provide to his cabinet colleagues. Joyce once lamented, "What is this insane lemming-like desire to go to renewables going to do to our economy?"

As [Michelle Grattan](#) reported before the election, “One of the ironies of Joyce’s campaign revolves around wind power. He used to be a critic but the other day he opened a A\$400 million wind farm project being constructed near Glen Innes.” When asked about his cleantech conversion, Joyce said, “These are the cards I’m dealt”.

Minister Frydenberg has been dealt an interesting hand. He is a smart operator and if he plays his cards well, he can use the rise of renewables to do something profound for the environment, that wins support across blue, red and green voters. That is where real power lies.

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