



## New SEC A Dependable Source Of Cheap Politics

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Households and industry in Victoria are being conned by the Andrews government's use of the name State Electricity Commission for what is, in reality, little more than a slush fund to prop up otherwise unviable wind energy projects.

This exercise in spin comes just as the Essential Services Commission has recommended Victorian households be slugged an extra \$426 a year, with typical bills increasing from \$1403 to about \$1829, from July 1.

In the past 12 months, state and federal governments have been quick to blame "profiteering" as export coal and gas prices shot up. But for decades we had an electricity grid based on our own coal reserves and our own gas supplies, and prices were much lower than they are now.

The reality is that the latest price rises are consistent with a decadelong doubling of electricity costs, resulting from the closure of reliable coal-fired power stations, a ban on exploration for new gas supplies, and a massive influx of highly subsidised wind and solar. And, of course, consumers



pick up the tab for the cross-subsidies and additional backup energy supplies required when the sun does not shine and wind does not blow.

We are constantly being told that wind and solar are the cheapest forms of energy but, as a recent Herald Sun investigation revealed, under the “new” SEC, “taxpayer funds will be used to guarantee returns for private companies looking to build massive wind farms off the Victorian coast”.

As the documents obtained by the Herald Sun reveal, the objective of the “new” SEC will be to provide the guarantees and subsidies necessary to make projects “bankable”. That is, to use Victorians’ hard-earned money to prop up otherwise loss-making projects.

In a sign of desperation, the federal government will apparently be asked to be a “co-investor”.

For those of us old enough to remember the “original” SEC, it had as a key objective, “a determination to achieve efficiency gains and to pass those on to consumers”. It was also committed to achieving commercial rates of return, and to deliver a safe and reliable electricity supply.

By contrast, the objective of the “new” SEC is to throw good money after bad, at the expense of consumers.

By calling his new toy the SEC, Daniel Andrews does a disservice to the tens of thousands of Victorians who worked for the real thing, delivering reliable and affordable energy to generations of Victorians.

The objectives of least-cost generation and energy security were also at the heart of the original National Electricity Market, established in the 1990s. But this was destroyed by the subsidised influx of intermittent energy, forcing gas and coal-fired generation sources to cycle on and off in ways they were never designed for, destroying their financial sustainability. The NEM officially died in 2022, when the electricity and gas markets were suspended.

The original general manager, and later chairman, of the “original” State Electricity Commission was none other than Sir John Monash, our greatest military leader and a qualified engineer. Under his leadership the SEC built on Victoria’s strengths and resources to achieve energy security after a period when imports of coal from other states were constantly interrupted.

Now we have come full circle. Rather than enhance energy security and local capability, we will be commissioning projects in which the turbines and blades are fully imported, almost certainly from China. Then we must hope that, in 25 years, which is the engineering life of an offshore wind farm, we can repeat the exercise and somehow pay for it all over again.

Offshore wind has its engineering and environmental challenges, too. Gordon Hughes, a professor of economics at Edinburgh University, reported that their performance declined over time and that subsea transmission lines were “notorious for the severity and length of their outages”. The Basslink cable between Victoria and Tasmania failed in 2015, going offline for



months.

And Victorians should be very concerned that the environmental impact assessments for the politically favoured offshore wind farms are being rushed to meet arbitrary deadlines.

This is in complete contrast to other potential energy-related developments in Victoria that could supply much needed gas to consumers but are trapped in red tape hell.

The biggest arbitrary deadline in the Andrews government's plan is the projected closure of the Yallourn Power Station in 2028. To lock in that closure, before one square centimetre of sea floor has been excavated for an offshore wind farm, is to condemn Victorians to the seriously heightened risk of blackouts and even higher bills.

A proper energy transition plan would ensure Yallourn as well as Loy Yang A and B stayed online, unless and until an equally secure and competitive source had been commissioned. That would at least be a reasonable long-term objective for a reborn SEC.

At the end of the day Victorians facing record high power bills want cheap and reliable power, not cheap politics. Unfortunately, the "new" SEC will be only a dependable source of the latter.

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