

Extract from Hansard

Wednesday 19 August 2009

Motion on Renewable Energy in Western Australia

DR M.D. NAHAN (Riverton) [6.35 pm]: This is a very important debate. As we all know, Western Australia is a very energy intensive state and Australia is one of the most energy intensive developed nations. Energy is very important to the state's future development. We are a major electricity producer and consumer. That is evidenced by the soon-to-be announced \$50 billion Gorgon project. ExxonMobil would probably say that the project will end up costing \$65 billion. The commonwealth government has been toying with and has now introduced a 20 per cent mandatory renewable energy target. Personally, I think the target is excessive and will lead to a higher cost for energy. We must state openly and honestly up-front what the economic impact of that will be.

Ms A.J.G. MacTiernan: Can I just ask you if that's the position of your government?

The SPEAKER: Member for Armadale!

Dr M.D. NAHAN: What is motivating all these issues is not the love of windmills, solar cells, new technology or what are called green jobs. We have a challenge—it is a worldwide challenge—to address the concerns about the excessive generation of greenhouse gases, and that is what we are trying to do. This issue is neither germane only nor solely restricted to Western Australia; it is worldwide.

One of the key themes of the various global warming schemes around the world has been to do this as efficiently as possible. We must reduce our greenhouse gases but we must go about it in the most efficient way and make sure that those who can do it cheaply do it first and do it the most. That is why we have schemes to allow us to pay Chinese operations to reduce their greenhouse gases in exchange for our production of greenhouse gases. We recognise that this is a global issue.

Some of these new technologies have huge potential. However, windmills are not one of them. They are an old, established technology. The use of windmills has grown over time, but it is nothing new. Don Quixote was chasing them 200 years ago. There is a huge potential for solar cells but it is also hugely costly. We must be honest and recognise that. All the data shows that solar cells, no matter what we do with them, are hugely more costly than any other alternative source of energy that produces more greenhouse gases.

We are going towards renewable energy not because it is fashionable but because we are trying to reduce the amount of greenhouse gases we produce. Geothermal technology has potential but it is experimental. The member for Gosnells said that this government has not done anything about it. This week Hon Norman Moore announced that the Department of Mines and Petroleum has issued 36 permits for the exploration of geothermal power.

Geothermal Power Ltd has been issued with a permit that covers 60 per cent of the metropolitan area. For a long time there was an issue about getting property rights for that. The previous government put the regime in place and we have followed through with that and have completed it.

Now the Department of Mines and Petroleum has allocated 36 permits. The real trouble with geothermal power is that it has not worked anywhere yet. There is a lot of experimentation on it.

Mr F.M. Logan: What, so Indonesia and New Zealand are not generating geothermal energy?

Dr M.D. NAHAN: There are two different types of geothermal: one that taps hot water close to the earth, like in New Zealand, the US and Indonesia; and the other kind, which we are speaking of here, that is drilling deep, cracking rocks and putting water through. One of the ironies of geothermal is that it is nothing less and nothing more than nature's nuclear plant. It is radioactive decay heating rocks deep in the earth, and when we pour water down, hopefully, it will come through and generate steam and electricity, just like a nuclear plant.

Why does Labor hate nuclear? It is okay if it is buried in the ground and natural, but not otherwise. In fact, the Labor Party does not want nuclear energy, which is the only low-cost, baseload greenhouse-low energy that we know of. I think that solar cells, particularly in the future, when they are put on roofs and are available at a lower cost have potential. The real problem comes back to two things: one is that we have a unique system. The south west integrated system is very small; and the other is that it is not connected to the eastern states grid, and never will be. It is also not connected to the Pilbara, and never will be.

Ms A.J.G. MacTiernan: Why is that relevant?

Dr M.D. NAHAN: If the member for Armadale would sit down, be quiet and listen, like she should, I will tell her. The SWIS is a very small system; it is a very peaky system, which is unlike the eastern states, which has a total grid that allows them to balance the system. If South Australia puts energy into the grid, it can be traded and balanced with energy offset all the way up into northern Queensland. Grids are about balancing loads.

That is a very important issue that, of course, this does not adequately consider. The people who manage the SWIS are listening to these debates with increasing panic, because they have a very important task of making sure that electricity in the south west is reliable and outages do not occur.

One of the problems—which they would have told the member for Armadale over and over again—is that with a lot of intermittent load, like windmills and solar cells, in a very peaky system such as ours and, all of a sudden, the windmills turn off, what do we do? We have to have backup capacity. Once we reach a certain number of windmills, the data is clear, obvious and well documented, and if we have too much intermittent load we have to have one-for-one back-up with baseload.

That is, we would have to have coal-fired power stations operating, running spinning capacity, waiting for the windmills to shut down. In other words, windmills do not save any greenhouse gases whatsoever.

Mr P. Papalia: What document is the member for Riverton referring to?

Dr M.D. NAHAN: Any greenhouse gases whatsoever. Not only do they emit the same level of greenhouse gases, but they increase the capital cost. Is this genius? Is this a vision that we want? It is absolute silliness.

Windmills do have a role and they have the potential for expansion in Western Australia, particularly on the edges of the grid, as we have done so far in Western Australia, but we cannot consider windmills as the solution. In fact, a member opposite said that the steel mill that is supposed to be built up in Oakajee should be powered by windmills. It is madness. Steel mills operate—or, hopefully, they will—when the wind does not blow! Then we had the suggestion of putting power into an integrated grid in the Pilbara. Fair enough, and maybe some day that will come off; however, at certain times of the year members will notice that the Pilbara does not have very much wind. There is a lot of sun, but not very much wind.

Ms A.J.G. MacTiernan: No-one is suggesting that we want wind power for the Pilbara.

Dr M.D. NAHAN: Yes, members opposite have suggested that they want an integrated grid so they can expand by 20 per cent. Are we going to tell Gorgon to cool its LNG with windmills?

Ms A.J.G. MacTiernan: No-one is proposing wind power for the Pilbara.

Dr M.D. NAHAN: Yes, the member is. When we start to get large expanses of capacity on intermittent load, we either double it with other types of energy, which eliminates the savings, or we do not have the process.

Mr P. Papalia: You need to go back and read a little bit more. You do not know that much.

Dr M.D. NAHAN: The problem is that members opposite have lost touch with the goals. They are saying windmills and solar cells, let us pursue them no matter what! Members opposite have lost touch with the issue.

Ms A.J.G. MacTiernan: Does the member for Riverton understand that we are not talking about solar cells when we talk about solar power stations?

Dr M.D. NAHAN: Members opposite have picked their winners. They have decided they like windmills: "We like them, let us pursue them! Let us not worry about cost. We are on a challenge here. We do not care what the electricity charges are to the consumer." The member for Gosnells referred to a 60 per cent farm-in tariff. That is three times the cost of others. Will members tell the people in Western Australia, when their bills start increasing by 25 to 30 per cent?

Mr P. Papalia: You just did that!

Dr M.D. NAHAN: That was because of the Labor government's action; it failed to increase the tariff. Members opposite hid it for a decade.

Ms A.J.G. MacTiernan: That is because you refused to allow us to increase it. You legislated it!

Dr M.D. NAHAN: Members opposite increased production significantly, they hid it and said we can do this; this is our vision. They said, "Let us go out and adopt these technologies because it will provide green jobs."

How many green jobs does a windmill bring in? They come in packages. It is like importing cars. How many jobs does car manufacturing provide in Western Australia? Zip! The windmills come as kits and they are bolted together. The only local work is the foundation.

Ms A.J.G. MacTiernan: It is interesting because these solar power stations are saying they want to manufacture components here.

Dr M.D. NAHAN: They are not going to manufacture because of the economies of scale. That is silliness.

Ms A.J.G. MacTiernan: They want to manufacture components here.

Dr M.D. NAHAN: They will not.

Ms A.J.G. MacTiernan: Why is that?

Dr M.D. NAHAN: Because there is not enough production.

Ms A.J.G. MacTiernan: There will not be enough production if you are in government; that is true.

Dr M.D. NAHAN: Does the member for Armadale think that Western Australia is going to become a major manufacture of solar cells?

Ms A.J.G. MacTiernan: We are not talking about solar cells.

Dr M.D. NAHAN: What is the member talking about?

Ms A.J.G. MacTiernan: We are talking about solar thermal energy. Has the member for Riverton read anything that has been written in the past 30 years?

Dr M.D. NAHAN: WA does not have the scale. My sister works for a research place in Denver. It is US Government funded and it has a budget of over \$1 billion a year. So does Germany. The amount of research and development that is going into those things is huge. The member for Gosnells is right: a serious technological leap is needed. The research and development is going to be taking place. It is not going to be taking place in Western Australia.

When the manufacturing takes place, just like everything, it will take place where it can be done cheaply. There are no green jobs, but more importantly, if we go out to get a few jobs to put together windmills, that will come at a higher cost for other energy users or energy-using firms and will kill jobs—real jobs.

The Greens might be your friends, but what we want is real jobs, real sustainable jobs and the recognition that Western Australia is, and hopefully will remain, an energy intensive state. One of its comparative advantages is cheap energy. We have to contribute to the overall demands of reducing greenhouse gases but we need to do it in a sensible manner.

Ms A.J.G. MacTiernan: Is this where uranium comes in, is it?

Dr M.D. NAHAN: I will get to that. The member for Armadale has this hatred for uranium, but she loves geothermal. It is all right if it is buried! She also says that one of her passions in life is to solve climate change; so she goes to China and says, "China, do not buy our coal or our iron ore because you produce greenhouse gases."

Ms A.J.G. MacTiernan: I do not say that at all!

Dr M.D. NAHAN: Then she puts that aside. Then she tells them not to build the three gorges dams.

Ms A.J.G. MacTiernan: Where did the member get this nonsense from? You really are a twit!

Dr M.D. NAHAN: The member for Armadale is saying that the Chinese have no alternative to address greenhouse gases unless they go to nuclear power. The Chinese have no other option!

Ms A.J.G. MacTiernan: Do you mind, member for Riverton? If you had actually listened to what we have been saying you would know that we actually support coal.

Dr M.D. NAHAN: I have listened to the member for Armadale for a long time. The people who really want to address climate change and who then in turn demonise the use of nuclear energy in places like China, Europe, Indonesia and India, are two-faced; they are hypocrites.

Ms A.J.G. MacTiernan: It is because the sun is nuclear. Is that your argument?

Dr M.D. NAHAN: There is no way to do it otherwise. We have an obligation, particularly if we sign the appropriate treaties, to sell them uranium. That is our best contribution to addressing greenhouse issues.

Mr P. Papalia: Including Iran?

Dr M.D. NAHAN: I did not say Iran.

Mr F.M. Logan: You probably would!

Dr M.D. NAHAN: This statement is just stupidity.

Mr F.M. Logan: Let the free market sort itself out. Give it to North Korea!

Dr M.D. NAHAN: We sometimes have low-grade comments in this house, but that beats them all.

Mr F.M. Logan: You're a hypocrite.

Dr M.D. NAHAN: A hypocrite?

The SPEAKER: Order, members!

Dr M.D. NAHAN: Europe is an interesting phenomenon. Some countries in Europe have renewable energy. In particular, Germany has more than 20 per cent renewable energy. Belgium and Denmark have renewable energy. Denmark has a high level of renewable energy, and Spain has very high levels too. Good on them. Some of the costs are high. Some of the plants, particularly in the North Sea, are very productive and very efficient. The reason they can do that is that Europe has an integrated, interconnected grid, and demand can be balanced out. If the wind stops blowing in the North Sea, they can gear up electricity somewhere else. Our problem —

Ms A.J.G. MacTiernan: We can do that with our geography. It is actually possible.

Dr M.D. NAHAN: It is theoretically possible to put a wire from here to the moon. That is possible, but it is not practicable. Does the member know what the real lungs of the electricity industry in Europe are? It is nuclear power in France. Seventy to 80 per cent of the electricity generated in France is nuclear. Germany buys most of its fungible electricity from nuclear plants in France. So does Belgian and so does Denmark.

Mr M. McGowan: What is fungible?

Dr M.D. NAHAN: It is tradeable; it is moveable. It is a big word, I know. I keep that for the member for Cockburn. He hates those big words; he dislikes them. What should we do about this 20 per cent target that the commonwealth has put forward? Do members know what we should do? We should say that we are a nation. Our energy producers should say that we need to meet this goal of 20 per cent, whether we agree with it or not. How should we do it?

We should do it by the lowest cost means. If that includes buying windmills in Tasmania, where the wind blows more strongly, we should do it. If it includes promoting some sort of development in Queensland, we should do it. We are a nation, and this is a national issue; it is not a local issue. We have the member for Armadale's xenophobia. She might be running for the seat of Canning. However, when the people of Canning listen to her statements and realise the costs that what she is talking would impose a large cost on them, they will think twice about voting for her. Why are we saying that we have to do it here? Why?

Several members interjected.

Dr M.D. NAHAN: I will have a wager with the member. It is really different going from a safe seat to a marginal seat. This is one of the biggest issues that we face. I ask the people on the other side to be honest about this. These efforts are going to significantly increase the cost of electricity. Their efforts will significantly undermine our competitiveness. We have to do it in a reasonable manner. We have to make sure that if we adopt this technology, we do it by a low-cost means. We cannot allow blind ideology—picking winners—to drive our energy system.

Dr M.D. NAHAN: We also have to do it in a manner that is reasonable, keeping an eye on the long term. The long term and the big picture are global. One of the issues on which I will comment is nuclear power. I know this is a very difficult issue, particularly for people on the other side of the chamber. Many of them are baby boomers, and when they came of age there was a war going on—the Vietnam War—and they hated it. There were issues of free love at the time—they loved it—and there were nuclear issues. Like Peter Garrett, they could not distinguish between nuclear weapons and nuclear energy. They got it all confused. Right? They very effectively, through their lobbying, killed off the growth of nuclear power around the world. It remained stationary, except in a couple of countries: France, as I said, and Japan, where it grew, and Belgium, where it grew quite significantly. There was no investment in nuclear energy and research and development for almost two decades. Then along came the scare about global warming and the issue of how to address it.

Mr M. McGowan: Do you think it's a scare?

Dr M.D. NAHAN: If we watch and listen to Mr Gore, it is scary. If people believe it, we have to do something. The world is reacting.

Mr M. McGowan: Do you believe it?

Dr M.D. NAHAN: The world is reacting.

Mr M. McGowan: You don't believe it.

Dr M.D. NAHAN: All I am saying is that the world is reacting.

Several members interjected.

Dr M.D. NAHAN: Do I think it is global? Yes, I do.

Mr M. McGowan: You do believe it.

Dr M.D. NAHAN: Do I believe? Yes, I believe! Does the evidence show that there is global warming? Yes. It is not a religious thing; it is science. The real issue is that the world is addressing this, and it is addressing it urgently. By 2020 and 2050 the world wants an 80 per cent reduction in the production of greenhouse gases—a big task here—without destroying the world's economy. It is the biggest task that the world has ever tried to undertake.

We look at this rationally and say, "What is the bevy of technology that we have and what is the biggest issue?" Electricity is the big one, and we need baseload. The only alternative to coal is gas, which we have a lot of. Worldwide, the only alternative in many cases is nuclear power. But we have all these people out there who are promoting alternative technologies and promoting the need for an 80 per cent reduction in greenhouse gases, and they have a complete mental block against nuclear power.

They want to stay away from the production of the cleanest baseload energy that the world has. Why? Because when they were young kids back in the age of love and "we all die at 30", during the Cold War they confused nuclear weapons with nuclear power. It was a fundamental flaw.

Ms A.J.G. MacTiernan interjected.

The SPEAKER: Member for Armadale! I want to hear the rest of the member for Riverton's speech in silence. It is not an opportunity for people in this place to continually interject, continually interject, continually interject.

Dr M.D. NAHAN: There was a source of confusion. I accept that. There was an incident at Three Mile Island in the United States, where, by the way, nobody was harmed. The plants continue to operate, even though they are very old. Then there was, of course, the incident at Chernobyl. That plant was built in Georgia or Ukraine—I think Ukraine—during the time of the Union of Soviet Socialist Republics. We would not even buy a car from the USSR, let alone build a plant like that. That plant blew up. It hurt a lot of people and it caused, justifiably, a reconsideration of nuclear power around the world. Twenty years down the track, we have two or three decades of experience in Europe. We have experience in Japan. We have a worldwide crisis and need to find low carbon baseload energy generation. If we are serious about addressing this issue, as many environmentalists and others are, we should be open-minded about nuclear power.

What is germane here? The first point is that we should be part of the uranium cycle worldwide, as long as the various treaties that Australia has agreed to are adhered to. Failure to do so would mean that we are abrogating our responsibility to address, and our belief in having to address, greenhouse gas emissions. The second thing is that we should look at home. In the south west interconnected system, it does not fit.

Mr M.P. Whitely: Member for Riverton, will you take a question?

Dr M.D. NAHAN: Yes, from the member.

Mr M.P. Whitely: Would you say that we should be at the end of the uranium cycle?

Dr M.D. NAHAN: What is the end?

Mr M.P. Whitely: Storing nuclear waste.

Dr M.D. NAHAN: No. All around the world it is accepted that the countries that generate the waste store their waste, and they do so often by, let us say, unsatisfactory long-term means. Some are trying to address that.

Mr F.M. Logan interjected.

Dr M.D. NAHAN: France recycles most of its waste. The Scandinavians are putting it into —

Mr F.M. Logan interjected.

Dr M.D. NAHAN: No, I do not think so. Every country should be responsible for its own waste, except perhaps for some of the military stuff from Russia, which is a separate issue. We should consider nuclear power here, but given the nature of nuclear plants around the world and their scale, they do not fit the grid. They are too big; they are too lumpy. They need 1 000 megawatts. Our system is too peaky and nuclear would not fit. Therefore, our major contribution should be to uranium mining. It is my belief that in the future we should consider nuclear power for the Pilbara.

Mr F.M. Logan: How will that do 20 per cent renewable?

Dr M.D. NAHAN: I think that, just like geothermal energy, nuclear energy is equivalent to a renewable energy. It is the same thing. Geothermal energy is just nature's nuclear plant under the ground. Nuclear plants on top of the ground do exactly the same thing in a controlled environment. Over the past 20 or 30 years, the technology has gone forward in leaps and bounds, but members in this place say, "Don't look at that. Look at windmills." Just as Don Quixote did, we should look at windmills, chase windmills. We should run for them. One form of energy is solar cells. It is good technology, but it has a long way to go. Geothermal energy is okay because it is nuclear energy, but it is in the ground and we cannot see it.

Debate adjourned, pursuant to standing orders.