

Renewables as Climate Strategy: Generating Power From Energy

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I pay respect to the traditional and original owners of this land the Muwinina people, - to pay respect to those that have passed before us and to acknowledge today's Tasmanian Aboriginal community who are the custodians of this land.

Thank you to Jan Lineham and colleagues for organizing this great conference and congratulations on giving an emphasis on both justice and art.

Note : we only have 15 minutes so I have put the full version of this paper on the Australia Institute website.

I work at The Australia Institute, which is the biggest generalist policy think tank in the nation's capital. We were established in 1994 and have been working on climate justice since then.

I have been involved in the climate struggle since 1990.

I will argue in this paper that clean energy and innovation are our best and almost only hope for building the power required to take meaningful action on the climate and indeed the broader ecological crises.

This is a contradictory strategy I am proposing, that goes in two seemingly opposite directions at once. On the other hand, we need an unprecedented **alliance** with the capital that is rushing in to clean energy. On one hand, we need a deeper critique and action that builds another kind of economy.

We need to challenge neoliberalism's obstruction of climate action and also the limits it places on what we think and do as the climate movement.

To really appreciate the limitations of neoliberal environmentalism from the 1990s, we would need to look at history. We would find that the post war environmental movement was remarkably diverse. Here are just a few of the philosophies and sub-movements:

- Union Green Bans in NSW and the formation of the world's first green party in Tasmania
- A widespread alternative technology movement, from world-leading scientific research into solar at UNSW and ANU, to backyards and rooftops from Byron Bay to Perth
- Ecofeminism, from deep ecology in the 1970s to the 'knitting nannas' who challenge fracking now

- Romanticism, which was expressed in the wilderness movement
- Political ecology that linked peace and the environment and critiqued uranium mining because it implies a certain social structure, the national security state

The point here, is that something dramatic must have happened.

There was a rich intellectual ecology in the environment movement in the 1980s but by the time that Al Gore's film *An Inconvenient Truth* put climate in the spotlight, our solutions were almost entirely carbon markets.

We drifted towards Wall Street in the hope of bringing the right along and it drifted into anti-environmentalism. Conservative parties are now actively anti-environmental, climate deniers and wage war on renewables, partly because we turned ecology into a subset of economic management.

We were all captured by the times. Around the 80s, neoliberalism rose and became the spectre that spooks us still. Margaret Thatcher captured the totality of its rise when she declared there is 'no alternative'. Communism's collapse led to heady arrogance on the side of the free marketeers. We are now left with more complex global problems than before, but with apparently with no state apparatus to intervene.

Zygmunt Bauman and Carlo Bordoni analysed this historical change in *State of Crisis* in 2014. They could have been predicting Donald Trump when they warned that 'If power is managed by the markets...that evade any democratic control, then politics is a controversial and frayed subject.'¹ They point out that the state is seemingly unable to do much at all when it comes to building social goods and intervening in markets. This happened just when the global ecological crisis requires that the state is more impactful and constructive, so we have a crisis in the means of managing crisis.

I think this was all apparent thirty years ago, which is why I joined other youth at the Rio Earth Summit to protest against the Framework Convention on Climate Change.

The environmentalist agenda at Rio and since has been that climate change is best solved through the market - a price on carbon. Fast forward from 1992 to 2014 and Australia became the only country in the world to actually dismantle an economy-wide carbon price scheme, fulfilling Tony Abbott's successful election campaign to 'axe the tax'.

My Sydney Business School colleague Professor Christopher Wright and I have argued that the climate movement should build real power, by dropping the carbon market fetish and shining some love at solar and clean energy more broadly.²

¹ Zygmunt Bauman and Carlo Bordoni, *State of Crisis* (Cambridge, UK: Polity Press, 2014), p.15.

² Dan Cass and Christopher Wright, "Beyond the Market Fetish: Using Renewables to Build Political Momentum for Climate Action," *RenewEconomy*, March 17, 2016, <http://reneweconomy.com.au/beyond-the-market-fetish-using-renewables-to-build-political-momentum-for-climate-action-66974/>.

We think it is not surprising that the neoliberal carbon price strategy failed so badly. Whatever you think of it as policy, it is bad politics. Carbon markets appealed to the business, media and political elite but never really resonated with the public.

So what do we put in its place?

We have to put forward policies that will be so supremely popular and powerful politically, that they will be implemented or at least not repealed, by conservative parties. The only alternative is renewables and as I will argue later, community-owned renewables in particular.

Carbon markets have at best enjoyed a slim majority of support in Australia with up to about 60% of the electorate on side. In about 2006 I commissioned a Newspoll through Greenpeace and GetUp! and we found that over nine in ten people supported a switch from coal to renewable energy. Nine in ten Liberal voters were on our side. This is incredible. Renewable energy has had around 90% support for over a decade.

So renewable energy has the popular mandate we need.

It also has something crucial; capital loves it. As our conference organisers warned us in their summary statement, politics is 'broken' and much of the brokenness is of course the power that business has over democracy. The rise of renewables is a unique situation where we can actually use the power of business to help us get climate action.

Bloomberg New Energy Finance is the best source of market data on clean energy prices and trends and they predict that even without subsidies and that mythic global price on carbon, the global market for solar and wind will grow to almost ten trillion dollars by 2040.³ Capital is flowing into clean energy, making it mainstream.

While coal and nuclear baseload investment are languishing, solar and wind and electric vehicles and battery storage are booming.

These are the core technologies of the transition out of fossil fuels and they are being rapidly joined by related technologies and new business models. Innovative companies are starting to challenge the old model and Australia is the frontier economy of this transition. We have the fastest growing residential battery market. We are the leading solar rooftop nation.

What this means is we can and must to create an unprecedented alliance between clean energy investors and the climate movement and the millions of solar homeowners. The best first steps for this strategy are to call for higher renewable energy targets, but interestingly, to also argue for *more* capitalism in the National Electricity Market.

Hopefully that will shock some of you or at least encourage you to download this paper and see where I got it all so terribly wrong.

³ Seb Henbest, "Bloomberg New Energy Finance New Energy Outlook 2017" (Centre for Strategic and International Studies, June 21, 2017), https://data.bloomberglp.com/bnef/sites/14/2017/06/NEO-2017_CSIS_2017-06-20.pdf.

The NEM is an artefact of the rise of neoliberalism. But it should come as no surprise to the people here that the NEM is not the perfect, frictionless, level playing-field that neoliberalism promised. As we know, the ideology fails in practice not just because it is unjust and anti-environmental, it also fails on its own terms because the big companies and powerful sectors of the economy get to write the rules to suit themselves.

The NEM would be cleaner, greener, and a bit less meaner, if the market was more open to competition from batteries, solar and new business models.

Take for example demand response, which is the ability for conserved energy or, 'negawatts' to compete against conventional megawatts. In 2004 Warwick Parer, who had been John Howard's Energy Minister, proposed to the Council of Australian Government's Energy Council that demand response should be able to bid conserved negawatts into the supply market against generated megawatts.⁴ This has been resisted by the regulators for over a decade but was finally approved by Liberal and Labor governments, as one of the consensus recommendations of the Finkel Review last year.

So how is this better than the neoliberalism of carbon markets?

There are three main reasons.

Firstly, and most importantly, we can win this. It is sound policy and strong retail politics.

Secondly, it builds our long term, strategic power to win more in the future. This is not the big win we thought carbon markets would deliver, but it is a win and one that will be popular, so it builds towards the big win we need.

Johannes Urpelainen at Johns Hopkins University fleshes this idea out for us. He argues that climate policies must drive both technological and political transformation at the same time. Each small win is 'specifically tailored to build political support among key constituencies'.⁵

Thirdly, this strategy is a more democratic one than a carbon market. It would allow households to sell their conservation – such as turning down air conditioners during a heatwave. That is an increase in democratic power – energy consumers taking a role as citizen and producer.

So that is the pro-market aspect to the strategy.

We are short of time so I will only be able to flag the other aspect of the strategy. At the same time as we make an alliance between clean energy capital and the climate movement

⁴ Dan Cass, "Saving Mega Bucks with Negawatts" (Canberra, A.C.T: The Australia Institute, July 2017), <http://www.tai.org.au/sites/default/files/P389%20Saving%20mega%20bucks%20with%20negawatts%20FINAL.pdf>, p.19.

⁵ Johannes Urpelainen, "A Model of Dynamic Climate Governance: Dream Big, Win Small," *International Environmental Agreements: Politics, Law and Economics* 13, no. 2 (May 2013): 107–25, <https://doi.org/10.1007/s10784-012-9174-1>, p.115.

and **the millions of solar citizens** we need to also revive the deeper limits to growth critique and campaign on it in tangible ways.

I call the global limits to growth ‘the most inconvenient truth’ because it is far more fundamental a challenge than climate change. If climate change is wicked, then uncontrolled, unecological, growth-for-its-own-sake is diabolical.

One of the best ways to start to create an alternative economic paradigm is to invest in it. Today I am launching a report I wrote for The Australia Institute about how Tasmania can accelerate community ownership of energy. We propose that Tasmania should emulate the model used by the largest wind farm in NSW, where one turbine is owned by a community-cooperative.

This a potentially massive sector, in which people will own the generation, distribution, storage and retailing of electricity. Few people outside the community energy fraternity realise that about 42 million people in America are already served by 940 Rural Electric Cooperatives.⁶ This arose in the 1930s when it became clear that for-profit utilities were not interested in investing poor or remote rural communities. It was boosted by President Roosevelt’s New Deal.

So, in conclusion, I think we need to both work to build economic alternatives to neoliberal environmentalism and at the same time, paradoxically, work with capital and innovators to force more competition in electricity markets, to hasten the death spiral of coal and gas. We can mobilise the millions of solar citizens for a series of small but ever bigger wins, that build the power we need.

Time is up to me, but hopefully not the planet.

Please do stay in touch with me and the The Australia Institute via Twitter and join our mailing list. Thank you.

⁶ Annabel Yadoo and Heather Cruickshank, “The Value of Cooperatives in Rural Electrification,” *Energy Policy* 38, no. 6 (2010): 2941–47.