

Australian PM bans renewable energy body from investing in wind



The Clean Energy Finance Corporation cannot invest in “mature” clean energy
Paul Souders/Corbis

Australia’s prime minister, Tony Abbott, seems determined to undo the country’s emission-reduction measures any way he can, and he won’t let a hesitant upper house stop him.

After the house blocked legislation to scrap a green bank that lends money to profitable renewable energy schemes, Abbott has instead ordered the bank to stop investing in wind and small-scale solar energy efforts.

“Making money in renewables in Australia has got a lot harder,” says [Frank Jotzo](#) at the Australian National University in Canberra, Australia.

Abbott became prime minister of one of the world’s biggest per-capita carbon emitters in 2013 when his conservative Liberal Party won in a landslide election.

He [immediately moved](#) to dismantle Australia’s [limited carbon reduction systems](#), scrapping its fledgling carbon trading scheme, [disbanding a climate advisory body](#) and lowering its renewable energy target.

But without a majority in the upper house, Abbott was unable to pass legislation disbanding the [Clean Energy Finance Corporation](#), which is making a profit on the money it lends to clean energy schemes.

So instead, this week his government ordered it to stop investing in wind and small-scale solar operations.

Risky business

Forty-six per cent of the corporation’s AU\$3 billion of investments in 2013–14 were in solar and wind.

Small-scale solar is popular in [Australia](#) – [almost 15 per cent of Australian homes](#) have solar panels on their roofs.

In a draft direction to the corporation, the government said that it should stop investing in “mature and established clean energy technologies”. But it has also ordered the green bank to lower its risk profile and increase its profits.

[Commentators have argued](#) that these demands are contradictory and are a way of closing the corporation via the backdoor.

[Samantha Hepburn](#) from Deakin University in Melbourne, Australia, says that things certainly seem that way.

“If you connect the dots, it appears to be interfering, blocking and trying to impede the flourishing of the wind [and solar] industry,” she says. “He’s using regulation and imposing restrictions to try and interfere with the progression of the industry.”

Jotzo agrees: “This could leave the Clean Energy Finance Corporation with nowhere to run to. Requiring it to make an even higher financial return while maintaining the existing risk profile and cutting out wind farms as an investment option is probably an impossible task.”

The move sets it up for failure, he says.

Only experimental

Abbott insists that the corporation, which he maintains ought to be scrapped, was never supposed to invest in mature technology – a claim that is denied by the Labor opposition, which established it.

Hepburn, a law professor, says that the government’s order contravenes the act that established the corporation, which was set up as an independent body and is not specifically bound to invest in emerging or experimental technology.

In 2009, [Abbott indicated](#) that he was a climate change sceptic, but more recently has said he takes climate change very seriously.

Nevertheless, he has scaled back the country’s efforts to lower emissions, [has attempted to fund](#) a visit to Australia by “climate contrarian” Bjørn Lomborg and did not personally go to a major [climate change meeting in New York](#) that was attended by other world leaders, including the Chinese and US presidents and the UK prime minister.

By **Michael Slezak**