BILLIONS BLOWN AWAY ON WIND POWER SAYS BRITISH STUDY

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Governments are squandering billions of dollars on "uneconomic" wind farms, according to a landmark study that undermines the case for Labor's huge renewable energy subsidies.

Investment in wind turbines will fail to cut enough greenhouse gas emissions to justify their cost, economists warned after a detailed British analysis released in March 2012.

The conclusions challenge a cornerstone of Labor's climate change policy as the federal government pours taxpayer funds into wind projects using direct subsidies, a planned $10 billion investment fund and renewable energy targets.

In a finding with direct relevance to Australia, the study by University of Edinburgh economics professor Gordon Hughes warns that using wind turbines to cut emissions costs 10 times the price of a gas-fired power station.

"Wind power is an extraordinarily expensive and inefficient way of reducing CO2 emissions when compared with the option of investing in efficient and flexible gas combined-cycle plans," he concludes.

Professor Hughes, a commissioner on Britain's Infrastructure Planning Commission and a former World Bank senior adviser, conducted his study for the Global Warming Policy Foundation, which is chaired by former Conservative chancellor Nigel Lawson.

The British study warns of the rising cost to consumers of wind power subsidies on the grounds that governments could achieve the same environmental benefits by other means at much lower cost.

Comparing a pound stg. 13 billion ($19bn) outlay on a combined-cycle gas plant against a pound stg. 120bn outlay on wind farms, Professor Hughes found the renewable energy option was too expensive by any standard.

Wind power would cut emissions at an average cost of pound stg. 270 a tonne, he estimated, but meeting Britain's greenhouse targets in this way would cost about pound stg. 78bn a year or 4.4 per cent of the nation's GDP.

Professor Hughes also warned that greenhouse gas emissions might be higher using wind turbines because the energy supply could be intermittent and would need back-up systems powered by fossil fuels.

"Any reduction in CO2 emissions due to additional wind generation will certainly be much lower than the headline figures quoted by lobbyists for renewable energy," Professor Hughes writes.

"Without some fundamental technical change, onshore wind power is going to remain uneconomic, especially if external costs are taken into account."

Frontier Economics managing director Danny Price said Australian policies to favour wind farms, such as the mandatory renewable energy target and direct subsidies, would be judged a "gigantic waste of money" in retrospect. "The real problem is they've put in place a scheme for renewables where the only real option is wind," he said. "But it is just so incredibly costly it's not funny."

Policies should favour a wider array of renewable projects instead, he said.

Anthony Owen of the International Energy Policy Institute in Adelaide said the British findings translated to Australian conditions, with the central conclusions not only being the high cost of wind power but also the fact that it was not zero-emission technology, despite common belief.

"The high capital cost of wind makes it particularly unattractive to private power generation companies in the absence of government subsidies," Professor Owen told The Australian.

"Gas-fired power generation is very flexible and relatively cheap in terms of capital costs.

"In the form of combined cycle gas turbine technology, it is also a much lower emitter of greenhouse gases - roughly 40 per cent of equivalent coal, in operation."

Professor Owen said Australia's wind resources had different characteristics to those in Britain, complicating comparison, but in principle the results carried over.