ECONOMY AND ECOLOGY 29.06.2026 | Jörg Schmilewski

The answer is green not guns

The Hormuz crisis triggered global shock. Australia's response is not the military protection of trade routes but an accelerated energy transition

The crisis in the Persian Gulf makes one thing clear: today, the real dividend of the energy transition is not only climate protection. It is geopolitical resilience. Countries that have switched their energy supply to renewable sources are significantly less vulnerable to wars, blockades, and price shocks than those that continue to depend on oil and gas imports. Currently, Australia is demonstrating how such an energy policy can become a geopolitical competitive advantage. How long merchant ships will still be able to pass through the Strait of Hormuz unhindered remains uncertain.

Australia is among the countries that recognised this development early on. Since taking office in 2022, the centre-left government of Prime Minister Anthony Albanese has pulled out all the stops to increase the share of renewable energy. It has been so successful that the country now has a considerable surplus of solar power, particularly during the summer months. It is currently winter in the Southern Hemisphere. Nevertheless, Albanese and Energy Minister Chris Bowen are offering their fellow citizens something that never existed during the many years when coal-fired power generation was completely dominant: from July 1 onward, Australian consumers will be able to receive electricity free of charge for three hours a day.

The expansion of renewable energy is increasingly being understood as a component of national security and industrial policy.

The first beneficiaries of the government's Solar Sharer Offer is the most populous state of New South Wales, home to the metropolis of Sydney, the greater Brisbane area, as well as South Australia and Adelaide. Victoria, with the city of Melbourne, will follow in October, while the other states and territories are expected to receive free electricity by 2027. In the future, Australians who use electricity during midday hours for washing machines, dishwashers, hot water systems, air conditioning, battery storage

systems, or charging electric vehicles will be able to do so free of charge up to a daily cap of 24 kilowatt-hours.

Australia is therefore pursuing much more than traditional climate policy. The expansion of renewable energy is increasingly being understood as a component of national security and industrial policy. Every additional kilowatt-hour of solar or wind power reduces dependence on geopolitically unstable energy markets. The crisis surrounding the Strait of Hormuz in particular demonstrates the strategic value this development has now acquired.

Ending Australia's climate wars

Converted to Germany's significantly higher electricity prices, this offer would amount to savings of around nine euros per day; in Australia, the figure is about 60 per cent lower because electricity prices are correspondingly lower. The government intends to encourage Australian consumers to adopt a more conscious approach to electricity consumption. Many Australians have already shown themselves receptive to the benefits of green electricity for years. Private investments in renewable energy reached a record high of the equivalent of €5.5 billion in 2024. Photovoltaic systems have now been installed on around five million rooftops — more than one-third of all households. As a result, since this year Australia has achieved the highest share of household solar power generation in the world relative to population size.

The surpluses generated from solar radiation only recently are helping the country, not least in coping with increasingly long and intense heatwaves, which result in higher electricity consumption, for example, for air conditioning. 'Solar energy now covers a large share of the heat-driven midday peak load,' says energy consultant Geoff Eldridge. 'The way the grids manage this challenge today has improved significantly.' Just a few years ago, renewable energy covered only slightly more than a quarter of Australia's electricity demand. Today, on individual summer days, it already reaches almost 80 per cent. This not only reduces emissions but also makes the electricity system more resilient to heatwaves and demand peaks.

Many coal-fired power plants have been taken off the grid in recent years. The remaining plants,

Most recently, the share of renewables in Australia's energy mix has nearly quadrupled. Since this year, it has already exceeded 50 per cent. According to its own statements, however, the Labor government of Prime Minister Albanese has no intention of resting on its

which have meanwhile become unprofitable, are also scheduled to be shut down by 2035.

laurels; on the contrary, it has set itself the highly ambitious target of increasing the share to more than 80 per cent by 2030. Germany currently stands at around 65 per cent renewable energy. For Australia, however, the current figure is already very high considering that the energy transition was neglected for decades. Or, to put it more bluntly, it was not even pursued until 2022.

Only a few years ago, Australia was among the laggards of the energy transition. Under conservative governments, coal and climate policy obstruction dominated. It was only with Anthony Albanese that the course changed fundamentally. Upon taking office, Albanese declared that he wanted to end Australia's 'climate wars.' Even if he has not succeeded in doing so with regard to the opposition, four years later, he has achieved something far better. The country led by Albanese has carried out an energy transition that truly deserves the name. High levels of public investment in green energy are driving sustainable development forward. Many coal-fired power plants have been taken off the grid in recent years. The remaining plants, which have meanwhile become unprofitable, are also scheduled to be shut down by 2035. Major Australian banks have long refused to provide financing for new coal mines.

Alongside a significant increase in solar and wind power installations, the expansion of battery storage capacity, which is unfortunately lagging in Germany, is proceeding at full speed in Australia. The government in Canberra is currently investing around €12 billion in expanding the national electricity grid, since solar and wind farms are often located hundreds of kilometres away from Australia's coastal cities. Through the Cheaper Home Batteries Program, battery installations increased many times over within a single year. Australia currently has 103 gigawatt-hours of storage capacity across existing and planned facilities. Germany, with a population three times larger, currently has only 6.2 gigawatt-hours.

Those who expand renewable energy today are not merely pursuing climate policy.

The budget in Canberra allocates €4.4 billion for battery storage installation costs. Climate Change and Energy Minister Chris Bowen emphasises the necessity of these investments in order to guard against geopolitical price shocks in the energy sector resulting from the Iran war. Australia is preparing in advance. Additional electricity demand is currently being driven not

least by the rapid development of artificial intelligence. Moreover, it remains unclear how much additional electricity will be required in the future for the planned transition from internal combustion engine vehicles to electric cars. There is no doubt: Australia, which faces particular challenges due to its geographic remoteness, is well prepared for this.

The blockade of the Strait of Hormuz shows how costly geopolitical energy dependence can become. Australia's response is not the military protection of trade routes but an accelerated energy transition. That is precisely where the real political message of the Australian example lies: those who expand renewable energy today are not merely pursuing climate policy. They are also strengthening economic stability, strategic autonomy, and national security. Perhaps that is the most important lesson for Europe.



Jörg Schmilewski

Jörg Schmilewski has been reporting as a correspondent for German media from Australia and Southeast Asia since 2007 and writes for DIE ZEIT and the Berliner Zeitung, among others. He attended the German School of Journalism in Munich and studied German language and literature, political science and economics at Ludwig-Maximilians-Universität.