

NATIONAL APPROACH TO ENERGY REFORM MUST BE THE GOAL.

The Energy Users Association of Australia (EUAA) has today cautioned against independent actions by State Governments to encourage more renewable energy as an inefficient approach to national energy market reform.

“A nationally consistent and coordinated approach to energy market reform is the only way to provide long term certainty for investors and lower prices for consumers” said EUAA Chief Executive Officer, Mr Andrew Richards.

The recent Finkel Review, which is supported by all state governments, clearly highlights the need for a nationally coordinated approach to energy market reform to ensure lower costs and higher reliability. State based interventions will add more complexity to an already complex environment.

“We understand State Governments are keen to keep moving on renewable energy but we caution against implementing policy in isolation. We desperately need a coordinated national approach and we are not sure this latest initiative helps achieve that goal.”

The Federal Renewable Energy Target (RET) already calls for a target of 23% renewable energy by 2020. This is driving significant investment in new generation capacity and has contributed to a reduction in the cost of renewable energy. The Victorian scheme calls for 25% by 2020 and 40% by 2025.

Estimates of the cost of building new renewable energy plant shows that it is now on par with the cost of building new coal fired power stations. It is further estimated the cost of building renewable energy will continue to fall over the coming years.

“Given the significant cost reductions in renewable energy we are not convinced that additional government or taxpayer support is required beyond the current Federal RET.”

“Given the playing field is now level, we must move away from supporting specific technologies that may no longer require it and move towards building an energy market that is secure for investors in all forms of energy generation.”

The recent Finkel Review provides a reasonable roadmap to a more reliable energy market that investors and market participants can trust. Central to this is the Clean Energy Target (CET) that seeks to provide a stable investment environment for all forms of new generation.

All energy users are under increasing cost pressures with many businesses reporting that energy is now only second to labour costs. Significant increases in wholesale electricity costs in the last 12 months comes on top of progressive increases in network costs and the gas crisis that has seen the cost of delivered gas increase by over 150% in the last 3 years.

Members of the EUAA include many large businesses responsible for producing essential items that include food, packaging, raw materials and medical supplies that are used in the Australian community every day.

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