

HAVE WE JUST WASTED ANOTHER 2 YEARS ON THE ENERGY POLICY ROLLERCOASTER?

Two years of expert analysis, exhaustive engagement with a wide range of stakeholders and an unprecedented level of agreement on an energy policy that provides an improved level of certainty for investors and a managed transition of our energy system, appears to have been a waste of time, energy and money after the Prime Minister's announcement today.

"Today's announcement demonstrates that the challenge to find a bipartisan solution to the catastrophe that is our energy market is far from over," said Chief Executive Officer of the Energy Users Association of Australia (EUAA), Mr Andrew Richards.

"We are very concerned that today's announcement to shelve key aspects of the National Energy Guarantee (NEG), is likely to lead to higher prices and a less reliable energy system."

While the Prime Minister announced some positive measures today that included the adoption of a number of ACCC recommendations from their recent report, changes to the commonwealth elements of the NEG will mean that the architecture is unlikely to be approved by the states and we fear it is essentially dead.

"The single biggest threat to energy prices is a lack of certainty in energy markets. Until today's announcement we remained optimistic that the NEG could get through and achieve this result," said Mr Richards.

Last summer, AEMO was forced to use the Reliability and Emergency Reserve Trader (RERT) to ensure system stability. The costs of this program have recently come to light with large energy users being sent substantial bills in recent months to cover the \$51 million cost.

The NEG by comparison will manage reliability via known market-based approaches and negate the need to ever enact the RERT program which has been designed as a safety net, not the primary driver of reliability.

"Without the NEG, we have limited options to manage system reliability which may result in escalating costs of repeated interventions by the market operator. We call on our elected officials to find a way to get the NEG back on track. The stakes are too high for partisan and personal politics to spoil this opportunity to move energy policy into the twenty first century."

Combined, EUAA members employ over 1 million Australians, pay billions in energy bills every year and are desperate to see a national energy and climate change plan that puts downward pressure on electricity and gas costs.

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