

Energy Security Board has listened to energy users, now it's up to our politicians.

With the release of the National Energy Guarantee (NEG) Final Detailed Design late yesterday, the Energy Users' Association of Australia (EUAA) is calling on politicians from all sides of the debate to support the NEG as the best available opportunity to bring an end to the energy and climate policy chaos of the last 15 years.

“Rejecting the NEG will create another policy vacuum and can only lead to greater risk for investors, higher prices for consumers and an energy grid that will become increasingly unstable,” said EUAA CEO Andrew Richards.

With lasting bipartisan support, the NEG has the potential to provide a level of stability to the transition that is already underway. In particular, it will help manage the continued deployment of renewable energy in a way that resolves what the Finkel Review describes as the energy trilemma of reliability, affordability and sustainability.

“There are those who criticise the NEG because it doesn't include explicit support for renewable energy while others criticise it because it doesn't include explicit support for fossil fuels. It would appear that some continue to seek a consumer funded free lunch and because the NEG doesn't provide it they are critical of it.”

“From an energy user perspective, we see this as a significant positive of the NEG as it seeks to be technology neutral, ensuring all forms of power generation can play to their strengths but also requiring them to manage their weaknesses.”

Modelling conducted by the Energy Security Board clearly shows that renewable energy will continue to be deployed, especially as our ageing fleet of thermal generators reach the end of their operational life. However, claims that the NEG is driving this outcome are false. The NEG is not driving this outcome, investors and owners of power assets are.

“We need to move on from the debate of old versus new generation and focus on managing the transition that is already happening in the most cost-effective way. We think the NEG can play a significant role in this and we encourage our politicians to support it.”

In the absence of the NEG, the task of maintaining system reliability is likely to be managed by AEMO or State Governments via costly market interventions. These interventions are likely to become more expensive over time as these players seek to fill a widening reliability gap.

The EUAA believe the ESB have delivered a pragmatic framework that can steer the energy market through what will continue to be an uncertain period. Adoption of the NEG is critical to building a market-based solution that strikes the right balance between emissions reduction, system reliability and cost and we encourage all stakeholders to view it favourably.

“The ESB has clearly listened to stakeholders and taken on board many of their concerns to deliver a pragmatic outcome that can work. The EUAA congratulates the ESB for the approach they have taken and thank them for taking on board many of our concerns, which are now largely allayed.”

The EUAA is the peak national body representing major Australian electricity and gas users. Our membership covers a broad cross-section of the Australian economy including significant retail, mining, manufacturing, materials and food processing industries.

Combined, our 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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