

STOP CIRCULING THE AIRPORT, IT'S TIME TO LAND THE NEG

While today's announcement from COAG confirms that talks to resolve the impasse on the National Energy Guarantee (NEG) will continue, energy users are concerned that remaining in a holding pattern for too long only increases the risk that system reliability will fall and consumer costs will go up.

"Energy Users Association of Australia (EUAA) encourages all parties to work constructively to find a way to support the NEG. This policy has been circling the airport for too long," said EUAA Chief Executive Officer, Mr Andrew Richards.

"We simply need to land the NEG so we can start managing the transition of our energy markets to maintain system reliability, deliver lower costs for consumers and progressively drive down emissions."

Last summer, AEMO was forced to use the Reliability and Emergency Reserve Trader (RERT) to ensure adequate supply for system stability. The costs of this program have recently come to light with large energy users being sent substantial bills to pay the costs of this program. The NEG by comparison will manage reliability via known market-based approaches and negate need to ever enact the RERT program which has been designed as a safety net, not the primary driver of reliability.

"With our energy market undergoing significant transition to greater renewable energy generation we need to ensure we manage this in a way that does not unnecessarily jeopardise system security or add unnecessary costs," added Mr Richards.

"The NEG policy will be critical to ensuring our energy market transition is one that takes place smoothly without further negative impacts on energy users. We are pleased that COAG has decided to continue talking and we hope all parties can see the enormous importance of supporting this policy for the benefit of all energy users," said Mr Richards.

"We have said before that 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.

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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