

THE ENERGY WAR HAS LEFT US WITH LIMITED OPTIONS

So, it has come to this. After more than a decade of open warfare on energy and climate change policy, it now appears our next best option is a collection of market interventions and direct government investment.

“Today’s energy policy announcement by Federal Labor recognises the unfortunate reality that gaining long-term bipartisan agreement on energy and climate change policy is likely to be beyond our reach.” said EUAA CEO Andrew Richards.

Over the last ten years we have seen many economically sound, market-based approaches to energy and climate change policy, including the recently departed National Energy Guarantee (NEG), killed off and thrown on the scrap heap. It remains to be seen if the NEG can be resuscitated as a market-based framework to guide the energy transition.

“We continue to support the NEG framework and would welcome further engagement on how it could be adopted in the future. We feel that it could be a foundation of energy and climate change policy that could work with recent government and opposition initiatives to make them more efficient.”

While more detail is required, the EUAA is supportive of a number of elements in today’s announcement including funding for transmission upgrades, new interconnectors and gas pipeline expansions. While these investments are expensive they will add flexibility to the energy system and increase competition. This funding initiative could help ease the pressure on network related costs, which has been one of the biggest contributors to higher energy bills over the last decade.

Other announced initiatives that begin to address the challenge of integration of renewable energy such as accelerating storage technology and assisting consumers to improve energy efficiency are also welcomed. Renewable energy is now cheap, but integration costs are still too high while consumers need more options to reduce their consumption and exposure to higher unit costs of energy.

“Unfortunately, we have now reached the point where we can’t judge policy by what we think is best practice, but by what we think is possible. In this context, today’s policy announcement appears to be a pragmatic way forward.”

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. 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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