

IF ENERGY USERS MUST BE PREPARED TO LOAD SHED THEN GOVERNMENTS MUST BE PREPARED TO WORK TOGETHER ON A PLAN

The release today of the 2019 Electricity Statement of Opportunities (ESOO) by the Australian Energy Market Operator (AEMO) is a further warning that energy users will continue to face higher costs and decreasing reliability without a coordinated, national plan for the energy transition that is already underway.

“This coming summer, large energy users will once again be asked to engage in voluntary load shedding under the Reliability and Emergency Reserve Trader (RERT) program to help AEMO keep the lights on. Many energy users recognise this is an emergency measure and are prepared to help out, but it can’t be sustained in the long term,” said Energy Users Association of Australia (EUAA) Chief Executive Officer, Andrew Richards.

The RERT is designed to be an emergency measure, a last resort, to balance the grid. However, in the last two years we have needed it several times at a cost of \$80 million. This coming summer, given the grave situation we may be facing, it is likely to cost even more.

“We have an ageing fleet of coal fired power stations that will progressively retire, an unprecedented uptake of renewable energy and stubbornly high gas prices. Clearly, we need all governments to begin a positive conversation on how we can better manage the energy transition. This is a fundamental shift in our energy system and without nation-wide coordination of this transition, energy bills will only go up and reliability will fall.”

AEMO has called for large energy users to provide an Expression of Interest to the RERT program for the coming summer. The EUAA encourages business who may be able to participate to contact AEMO immediately.

Beyond that, a meeting of the COAG Energy Council must be called to reignite the discussion about a planned energy market transition including identifying areas of collaboration with industry and regulators and allocating resources to research and investment priorities.

The EUAA represents large energy users, some of whom who are spending \$1 million per day on energy. Many large energy users are seeking solutions to rising energy costs and have invested billions into energy efficiency, system upgrades, storage, renewable energy, demand response and many other measures with the aim of reducing energy consumption and costs. Energy users also get bills totalling millions of dollars when the RERT program is used.

Large energy users who are producing essential goods and services, foods, building materials, paper, plastics and raw materials are under increasing pressure from energy bills. Greater grid instability increases costs for everyone and every effort must be made by all parts of the energy system to ensure coordination of programs as we undergo a dramatic shift in generation to ensure efficient costs and keep system risk as low as possible.

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