

MORE RENEWABLE ENERGY WITHOUT TRANSITION PLAN IS FLIRTING WITH DISASTER

The Victorian Government's proposal to increase renewable energy in the state to 50% by 2030 through Victorian Renewable Energy Target (VRET) is a disaster waiting to happen in the absence of a well considered transition plan that includes all the elements of the energy system, and considers other reforms being undertaken in energy markets.

"Without a planned rollout of renewables that considers the cost and complexity associated with energy firming technologies and grid connection we are likely to face higher energy bills and lower system strength," said Energy Users' Association of Australia (EUAA) Chief Executive Officer, Andrew Richards.

"Our concern is that we will not enjoy lower energy bills at all, rather we are facing billions of dollars of grid upgrades and firming requirements while creating greater instability in the network. The transformation of our energy markets must be coordinated to ensure minimal costs to energy users, and to avoid unintended consequences. Particularly in Victoria it is slowing turning into a train wreck trying to managing the balance in electricity."

The AEMO has just called for companies to provide an Expression Of Interest to the Reliability and Reserve Trader (RERT) for the third year in a row, signalling that the instability in the grid is far from solved.

"The RERT is supposed to be an emergency measure, a last resort, to balance the grid. But in the last two years we have needed it several times at a cost of \$80million. Without better coordination of renewable energy rollout, especially in the southern states of Australia, energy bills will only go up. If VRET is not coordinated it will only add to the issues we are facing in Victoria."

The EUAA represents large energy users, some of whom are spending \$1 million per day on energy. Many large energy users are seeking solutions to rising energy costs investing 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.

"If we are to put downward pressure on energy bills there must be better coordination within state jurisdictions between governments, market managers, and networks as a minimum. The alternative is the current status in Victoria which is a chaotic rollout of renewables in an increasingly unstable energy system creating greater risk of blackouts and increasing costs of managing the demand and supply balance," said Mr Richards.

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 while keeping system risk as low as possible.

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