

2 December 2019

JOINT STATEMENT: Cool Heads Needed To Manage A Hot Energy System



St Vincent de Paul Society
good works



Summer is upon us and with predictions of extended periods of extreme heat we need to be conscious of the pressure this will place on our energy system. Energy suppliers, energy users, the market operator and governments are working hard to ensure that all reasonable measures have been taken to ensure the energy system is in the best shape possible. However, when problems inevitably occur policy makers and the community in general need to have front of mind that knee jerk interventions to pursue more energy reliability could end up costing consumers much more for little if any gain.

In the lead up to this summer, the Australian Energy Market Operator (AEMO) has reached out to large industrial and commercial users of electricity seeking their assistance as part of their comprehensive summer readiness plans. Many large energy users have agreed to assist through voluntary load shedding under the Reliability and Emergency Reserve Trader (RERT) mechanism, where they will be paid to reduce power usage under extreme circumstances.

To help avoid the cost of the RERT being incurred we encourage all consumers to be conscious of their energy use on extreme temperature days and if possible, avoid running equipment or machinery that is non-critical. Energy users' efforts on energy efficiency,

demand response and load shifting are helping to ease the pressure on the electricity system.

The energy industry has also been working hard to ensure all available generation is ready and able to respond to expected system peaks. We are assured that in Victoria, the Mortlake gas fired power station and Loy Yang A will be back at full capacity. We are also pleased to see that additional generation capacity is coming on line in South Australia with both new and old power generation standing at the ready.

Electricity network companies have been busy with bushfire mitigation measures and system maintenance to ensure the system is as safe and reliable as it can be.

This is a positive reaction from the electricity sector which not only understands the responsibility it has to supply customers, but also to the safety of the community and field staff.

However, despite these efforts, we must recognise that with an energy system so exposed to extreme elements, and when subject to periods of high stress unexpected accidents and events can occur.

So, while it is right for consumers to expect the highest possible performance from our energy system and the business that manage it, we should recognise that nobody can provide a guarantee that the lights will never go out. We must also recognise that striving to achieve this would cause significant additional cost to consumers for little additional real or perceived benefit.

If the lights do go out this summer, we must avoid another round of the blame game and point scoring that so often distracts us. Most of all we need to avoid panicked reactions as this will only lead to poor decisions and increased consumer costs.

We must keep our cool this summer. If there are problems, AEMO must be allowed to manage the system and the energy sector must be supported as it seeks to restore power supplies in a timely manner. We must work diligently and dispassionately on understanding the issues and, if necessary and after careful consideration and stakeholder engagement, put in place additional measures and make the most appropriate investments that maintain the balance between system security and consumer costs.

-ends-

Please contact individual organisations for their comments.