

## **NSW SETS ITS OWN ENERGY COURSE – ENERGY USERS URGE CAUTION AND ASK FOR NATIONAL CONSISTENCY**

The peak body representing large commercial and industrial energy users, the Energy Users' Association of Australia has expressed concern that the NSW Electricity Infrastructure Roadmap (NSW Roadmap) is another example of a state government taking independent action instead of working to consolidate a nationally consistent approach to energy policy.

The EUAA, along with many other industry stakeholders, continue to work with the ESB on the Post 2025 Market Design, which is a process endorsed by all state energy ministers. This process has identified many of the issues outlined in the NSW Roadmap and seeks a nationally coordinated approach to energy policy.

“While we recognise that developing a national approach to energy policy has been a difficult process, we continue to engage in good faith with the Energy Security Board (ESB), industry stakeholders and other market bodies to achieve a positive outcome via the Post 2025 market design process,” said EUAA CEO Andrew Richards.

“We understand the pressure to keep the lights on, but we urge state governments to remain committed to building a nationally consistent energy policy that avoids unnecessary duplication of stakeholder effort and the introduction of competing policy and regulatory frameworks that may lead to increased costs and inefficient allocation of resources.”

The NSW Roadmap has some positive elements such as the focus on developing long duration storage like pumped hydro, the requirement for new generation to be dispatchable by the market operator and the potential for new entrant generators to begin paying for additional grid costs incurred to connect them to the national market.

“We think they are focussed on the right issues, we are just unsure about the way they are approaching the solutions.”

There are a number of elements of the NSW Roadmap that are concerning that will require additional consultation and further detailed design. The proposal to side-line the Australian Energy Regulator and create a “bespoke” economic assessment process for selected Renewable Energy Zones (REZ's), the proposal to develop a form of capacity market to support certain types of dispatchable generation and the introduction of a form of long-term Contract for Difference (CFD) to underwrite new generation all need to be carefully considered.

“We have concerns with a number of the proposals and have highlighted these in previous consultations. We remain committed to working with the NSW Government to ensure that if these proposals do proceed that consumers will not be exposed to unnecessary costs and risks.”

Modelling output provided as part of the NSW Roadmap shows that consumers will benefit from lower wholesale energy prices. However, the energy market is complex and is changing all the time. Based on what we have observed elsewhere, this has a significant impact on model assumptions and projected consumer savings.

“While a number of the proposals have the potential to put downward pressure on energy costs, there is no guarantee this will occur or that savings will be ongoing. What is more certain is that additional fixed costs associated with new transmission infrastructure and costs associated with funding capacity payments and CFD pay-outs are highly likely to add additional costs to consumer bills over time.”

The EUA is the peak body representing Australian commercial and industrial energy users. Our membership covers a broad cross section of the Australian economy including significant retail, manufacturing, food and materials processing industries.

Combined EUA members employ over 1 million Australians, pay billions in energy bills every year and expect to see all parts of the energy supply chain making their contribution to delivering affordable, reliable and sustainable energy supplies.

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