

AEMO ESOO REPORT HIGHLIGHTS THE ENORMOUS CHALLENGE OF TRANSITIONING TO NET ZERO

The latest [Electricity Statement Of Opportunities \(ESOO\) report from AEMO](#) should leave no one in any doubt about the scale of the challenge before us in transitioning our electricity markets to net zero.

“Transitioning our electricity system is going to be hard, expensive and full of risk as has been outlined in the latest ESOO report,” said EUAA Chief Executive Officer, Andrew Richards.

“Consumers could be in for a bumpy ride so we need governments, peak regulatory bodies and the energy industry itself to step up and stay focussed on achieving net zero at least cost, not at any cost while also maintaining system strength and reliability.”

This accelerated transition requires us to spend hundreds of billions in new forms of generation, storage, networks and technologies that maintain a secure power system. This creates huge opportunities for those who provide and invest in these technologies, but will result in increased costs and risks for consumers who will be required to foot the energy transition bill.

“The scale and rate of change outlined in the ESOO has the potential to create conflict, impacting both consumer and community social license. If we don’t get this right the transition gets even harder, further delaying future investment.”

“It is the clear intention of state and federal energy and climate policy is to see the early closure of fossil fuels, replacing it with variable renewable energy resources. Therefore, it will be critical that state and federal governments take a leading role in helping to reduce costs and risks for consumers. If energy bills spike, consumer social license will decline as people begin to lose faith in the transition to a lower emissions energy system.”

“Our energy system of the future will be spread out across the country and will be in the backyards of hundreds of communities. If these communities are not treated fairly then community social license will decline even further than it has today as they feel that they are collateral damage in the rush to transition.”

Large energy users represented by the EUAA typically have large stable loads that help to keep our system stable but they also cannot ramp up and down quickly to respond to fluctuations in supply. Sudden losses in energy supply can also damage the multimillion-dollar machinery they use that creates a bigger problem.

“What is also clear from the report is that we urgently need to solve the 24/7 power problem, we need deep storage solutions that are affordable and we need all new generation assets to take responsibility for their impact on the grid’s operation and the impact this will have on all end users.

EUAA members are some of the biggest energy users in Australia, providing essential goods and services used by the Australian community every day. They also produce steel, aluminium and cement all of which will be critical to building our future renewable energy system.

The EUAA supports the transition to net zero at least cost not at any cost.

The EUAA is the peak body representing Australian industrial and commercial energy users. Our membership covers a broad cross section of the Australian economy including significant retail, manufacturing and materials processing industries. Combined our members employ over one million Australians, pay annual energy bills in the many billions of dollars and support the development of a lasting national energy and climate change plan that puts downward pressure on electricity and gas costs.

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