

AEMO 2023 ESOO PRESENTS A SOBER WARNING FOR OUR ENERGY FUTURE

The Australian Energy Market Operator's (AEMO) 2023 Energy Statement of Opportunities (ESOO) is a sobering read and highlights the risk to all energy users from as early as this summer, said leading advocate for large commercial and Industrial energy users, the Energy Users 'Association of Australia (EUAA).

"AEMO have finally said what many have been talking about for some time. The transition to net zero is hard and expensive and we have reached a critical point in the journey with the path to success appearing to become narrower with every year that passes," said EUAA Chief Executive Officer, Mr Andrew Richards.

Achieving net zero means we need to rebuild our entire energy system and deal with a whole new set of issues. Complicating this is that much of the rest of the world is looking to decarbonise their energy system at the same time while local infrastructure resources are already at breaking point.

As the ESOO points out, state and federal policies are seeking to address many of the issues faced by this paradigm shift of our energy market, but more work clearly needs to be done. Supply chain and materials constraints, shortage of skilled workers, community social licence and slow approvals processes are some of the biggest issues to be addressed.

"We can achieve net zero, but we need to focus our efforts on resolving the key issues that are preventing us from getting there, not just double down on past responses that won't solve the new problems we face."

"Reaching net zero will take unprecedented investment, better coordination between state and federal governments, enhanced supply chain and work force resilience, a fair response to impacted communities and above all a dispassionate conversation with Australian energy users about the challenges ahead."

Energy consumers have been subsidising much of the transition to zero emissions energy for two decades while governments have provided enormous incentives to replace fossil fuels. Despite this, there is still a long way to go to create a low emissions grid.

"Energy consumers have already played their part by helping to underwrite the energy transition but are fearing they will be left to deal with higher costs and lower reliability if we don't manage the transition with the long-term interest of consumers and communities at the centre of policy and regulatory design."

"The reality is, business need energy 24/7 and they need it to be affordable. An energy system that does not meet the needs of energy consumers is an energy system that has failed the most basic of tests," said Mr Richards.

The EUAA and its members stand ready to work with governments, market bodies and the energy industry to help chart a difficult course. In recent summers many EUAA members have participated in the voluntary load shedding program, the Reserve Trader Mechanism (RERT), and stand ready to do the same with the coming summer looking to put system reliability on a knife edge.

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