

AER GUIDANCE ON AMENDED ENERGY OBJECTIVES

18 AUGUST 2023

The Energy Users' Association of Australia (EUAA) 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, building materials and food processing industries. Combined our members employ over 1 million Australians, pay billions in energy bills every year and in many cases are exposed to the fluctuations and challenges of international trade.

Thank you for the opportunity to make a submission under the AER's Guidance on amended National Energy Objectives.

The EUAA welcomes the proposed methodology in the AER Guidance on amended National Energy Objectives for the use of its discretion to balance the emissions reduction objective against existing objectives:

"We will consider and balance the emissions reduction objective alongside the other existing objectives, in a way that maximises the achievement of the overall energy objectives in the long-term interest of consumers."

The wording the AER have used makes it clear that the overall principle of the National Energy Objectives will be maintained (i.e. the interests of the consumers) and that the emissions reduction objective will sit alongside the existing objectives and not above the them.

The EUAA notes that the Federal Government will release its proposed value and/or methodology for determining the value of emissions reductions in November 2023, and that Ministers will have the discretion to include or exclude specific emissions targets Federally and for each State jurisdiction from consideration in the National Energy Objectives.

The EUAA considers that in quantifying the emission reduction value, the AER will need to take care in its cost benefit analysis to not double account the impact of a project on the actual emissions reduction achieved. i.e. network projects that facilitate the installation of renewable energy generation do not in themselves reduce emissions, but facilitate the renewable generators to reduce emissions.

The EUAA recommends that the AER develop a methodology to be used in the cost benefit analysis to apportion an appropriate level of the total emissions reductions facilitated by a project to the project itself. The EUAA would welcome further discussions on developing a methodology.

Do not hesitate to be in contact should you have any questions.



Andrew Richards
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