

THE ENERGY DEBATE NEEDS TO CHANGE

The release of the Federal Coalitions energy policy last Friday saw the usual round of technology driven debate and dissection of economic modelling. The Energy Users' Association of Australia's (EUAA) view is this isn't helpful as it ignores the key question - *how* are you going to do it?

"All too often the energy debate focusses on what energy technology people want to see deployed, usually led by those who benefit most from its deployment. This technology focussed debate ignores the reality that consumer costs are driven more by *how* technology is deployed rather than *what* technology is deployed", said EUAA CEO Andrew Richards.

The debate about a technology's cost in 2050 is like arguing about who has the best crystal ball. The most likely answer being they will all be wrong to different extents. In the end, consumer costs will be largely driven by policy design and market settings. It's a dry, complex subject but if the market settings are right, the technology will follow.

Recently, energy ministers kicked off a 12-month long process to ask an expert panel to review the National Electricity Market and propose the most appropriate energy market design to deliver safe, reliable, sustainable and affordable energy for consumers into the future. This assumes that the current market design is not fit for purpose, and they are probably right.

"Energy markets seem to be at a crossroads with the next 12 months determining if we are going to rely on open, transparent energy markets or if we will drift towards government ownership and re-nationalisation of the energy system."

While a degree of government assistance will be required as part of the messy middle of the energy transition, the EUAA encourage policy makers to seek an energy market that is fit for purpose for a future energy system, that encourages the most efficient technologies available and that facilitates the continuation of private investment both now and into the future so that it works in consumers best interests.

"Energy users and taxpayers are the ones who will have to foot the bill, so we need to know how much government intervention and subsidy will be required, how long intervention will last and how much it will cost."

This conversation needs to be undertaken in a way that does not deter the investment in the near term to ensure we have sufficient generation capacity to replace our ageing fleet of coal fired power stations, as simply throwing more public money at them is not a good outcome for consumers or taxpayers.

"These are just some of the many questions that need to be addressed so we look forward to engaging with all policy makers on how they are going to deliver their plan for net zero by 2050 while keeping the lights on in the years in-between."

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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Media Contact: Emily Wood 0421 042 121