

EUAA CONGRATULATES ALBANESE GOVERNMENT, ENCOURAGES ENERGY TO BE A TOP PRIORITY

The EUAA congratulates the Albanese government on their re-election and urge them to focus their attention on key areas of energy market reform. Energy is central to the economy and the cost of living. EUAA members, specifically large commercial and industrial energy users are the engine room of the economy, creating many essential items used by Australians every day along with key inputs required of a successful, home grown energy transition.

The EUAA support net zero by 2050 ambition but this must be achieved through new technology, realistic timelines and appropriate industry policy, not through demand destruction. Growing our heavy industry while transitioning to net zero must be a priority. However, we are in the “messy middle” of the energy transition, so governments need to consider what role they need to play to manage consumer impacts.

With this in mind, following are the key priorities for the Federal Government as viewed by the EUAA.

Gas Market Priorities: playing a significant role in a net zero energy system and needed in many industrial processes for many decades gas must be a central priority.

We need more domestic gas supply, but it must be priced at a fair and reasonable level:

- Prospective reservation applied to both on-shore and off-shore resources.
- Re-direct spot cargoes to be sold into the domestic market (not just offered). All east coast exporters must carry an equal share of this obligation.
- Government underwriting of new supply from new participants to help increase competition.

We need to expand gas pipeline and southern storage capacity:

- Government underwriting of expanded pipeline capacity and southern storage.
- Gas pipeline reform must continue (i.e. we support recent AER pipeline information disclosure guidelines).

We need to improve gas market transparency and participant behavior:

- Continue to improve market information to reduce information asymmetry between buyers and seller, including the “blind auction” process favored by sellers.
- ADGSM, Producer Heads of Agreement and Gas Industry Code of Conduct must be reviewed as a package to eliminate loopholes and inconsistencies and to ensure enforcement.

Conversations regarding “green gas” are gaining momentum but it needs serious help if it’s to make a material difference.

Electricity Market Priorities: EUAA supports decarbonization of the electricity system and while many challenges still need to be overcome, we are optimistic. Given the 82% renewable energy by 2030 policy is driving significant change, there won’t be a renewable energy industry in 2030; it will just be the energy industry. The renewable energy industry must take responsibility and quickly move to ensure they can deliver energy that is fit for purpose for large commercial and industrial energy users.

EUAA supports the Capacity Investment Scheme:

- It is required to ensure we avoid near-term supply shortfalls, but it must have an end date that is coupled with a fit for purpose market design.
- Long-duration capacity issues remain that must be addressed.

Managing the coming network cost tsunami will be critical:

- The ISP currently identifies 30 separate projects (with more likely to emerge) that could cost upwards of \$50B, most of which is yet to be built and the costs yet to be seen on energy bills. The bill impacts are hard to assess as the capital costs are constantly and dramatically changing.
- Governments may need to play an interim “shock absorber” role to guard against energy users drowning under the waves.
- Rewiring The Nation, used as equity not preferential debt, should be used as that shock absorber over the next 10-15 years.

The current NEM review must answer a fundamental question on the role of governments v the role of the private sector or put another way, the role of central control v the role of open markets to deliver outcomes that are consistent with the NEO?

We are seeking consumer focussed outcomes from this review that move away from an input dominated debate to one that balances the need to enable efficient deployment of inputs with the affordability, reliability and sustainability outputs consumers want.

The NEM is not a series of market tranches (i.e. C&I, SME, Residential) but a single ecosystem that relies on all parts to work in harmony if we are to get the best outcome for consumers. Integration and orchestration of CER will be critical to achieving this.

The review should focus on the missing pieces of the future NEM puzzle, such as long-duration storage and assets capable of dispatch to ensure continuity and reliability of the energy system and an efficient economic outcome for energy users.

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.

- ends -

Media Contact: Emily Wood 0421 042 121