



Energy Security Board
Department of the Environment and Energy
GPO Box 787
CANBERRA ACT 2601
By email: info@esb.org.au

7th March 2018

Dear Sir/Madam,

Acacia Sustainability Submission on the National Energy Guarantee: Draft Design Consultation Paper

Acacia Sustainability welcomes the opportunity to provide comment on the National Energy Guarantee Draft Design Consultation Paper.

At Acacia Sustainability, we assist Australia and neighbouring nations in meeting their sustainable development goals, in particular for affordable, clean energy and climate action, create local jobs, reduce the cost of energy, and support the reduction of emissions to meet set emissions reduction targets.

Should you wish to discuss any aspect of this submission, please contact me at d.zelcer@acaciasustainability.com or +61 412 798 272

Yours sincerely,

A handwritten signature in black ink, appearing to read "Daniel Zelcer", written in a cursive style.

Daniel Zelcer
Director, Sustainable Development and Research

Views on options for setting the emissions targets under the Guarantee.

We endorse the option the Commonwealth Government is considering to express the target as a trajectory of annual average emissions per MWh for retailers in the NEM.

As mentioned in the Consultation Paper, the trajectory would be consistent with the 2030 emissions reduction target for the electricity sector of minus 26 per cent on 2005 levels. In an event where the suite of policies the Government implements to meet Australia's 2030 emissions reduction targets (Direct Action Plan, etc.) is found not to be on track to meet these internationally recognised targets, flexibility could be built into the trajectory to strengthen the electricity sectors share and ensure the targets are met. At this point it is suggested that retailers may be able to access emission reductions for the lowest cost abatement opportunities such as ACCU's from the land sector or energy efficiency projects.

Should retailers be allowed to use external offsets to meet a proportion of their emissions requirement?

In our opinion, it is important for EITE facilities to reduce their emissions intensity and play a role in meeting Australia's international obligations under the Paris Agreement. Understanding that the international competitiveness of EITE facilities is of significant concern for the Australian economy, we suggest that retailers be able to purchase ACCU's generated from projects of EITE facilities. This will ensure that EITE facilities reduce emission, increase their competitiveness through benefits achieved from implementing energy efficiency measures, create local jobs through the implementation of energy efficiency activities.

What are stakeholders views on how the Guarantee may impact on competitive market?

New energy storage organisations looking at entering the Australian market may find it difficult to establish a presence if consideration to a competitive market is not given. A number of these technology providers have the potential to offer innovative solutions to our security and reliability issues whilst allowing for a higher penetration of renewable energy in the grid at competitive prices.

The National Energy Guarantee has the potential to lock in emissions through the market power of large gentailers with significant portfolios of emissions intensive dispatchable generation over looking to the market for solutions. There is technology available today which can provide base-load dispatchable energy stored from renewable energy sources. Given the right market design, these technologies will be accepted in the market rather than blocked by policy. Possible market design may include revenue streams for services provided such as inertia, system strength, ramping and flexibility.