



FINAL DETAILED DESIGN OF THE NATIONAL ENERGY GUARANTEE

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MEDIA RELEASE

ENERGY SECURITY BOARD RELEASES ITS FINAL DETAILED DESIGN OF THE NATIONAL ENERGY GUARANTEE - AFFORDABLE, RELIABLE, AND LOW EMISSIONS POWER

The Energy Security Board (ESB) has today published the Final Detailed Design of the National Energy Guarantee. The COAG Energy Council will consider the Final Detailed Design when it meets on 10 August 2018.

The Chair of the ESB, Dr Kerry Schott AO, said the design was the culmination of almost a year's work and a collaborative effort by people and organisations from across the energy sector and the community.

“Stakeholders have been clear with the ESB that the status quo is simply not acceptable and have come together to help design a robust, flexible mechanism that can respond to the changes that are underway in the energy market.

“The mechanism is designed to be fuel and technology neutral, to safeguard competition in wholesale and retail markets, and to deliver more affordable, reliable and cleaner power for Australian households and businesses.

“The Guarantee mechanism ensures the electricity sector contributes its share towards Australia's emissions reduction commitments and, importantly, can accommodate different levels of emissions ambition overtime. It also works with State and Territory targets and renewable energy schemes.”

“Any delay, or worse a failure to reach agreement, will simply prolong the current investment uncertainty and deny customers more affordable energy. The average household bill is expected to be \$550 lower each year through the 2020s than it is now, and \$150 of those savings are because of the Guarantee.”

Dr Schott said fifteen years of climate policy uncertainty had impeded investment, affected the security and reliability of the power system, and increased prices for households and businesses.

“The National Energy Guarantee can give the energy sector the confidence it needs to plan, source and invest over the longer-term in dispatchable, low emissions energy generation and demand-side energy resources in a transforming market.

“Once implemented, the Guarantee will produce a clear investment signal so the cleanest, cheapest and most reliable generation can get built in the right place at the right time,” said Dr Schott.

To deliver this transition, the Guarantee requires retailers to contract for generation or demand response to meet a minimum level of dispatchable 'on demand' electricity where there is an identified gap. Retailers must also keep their emissions below an agreed level.

“In concert, these two requirements will enable long-term policy confidence and stability that is critical to lowering investment risk in the NEM, and bringing down electricity prices. Increased contracting in deeper and more liquid contract markets will also reduce the level and volatility of spot prices further improving affordability,” said Dr Schott.

About the Energy Security Board

The ESB is chaired by Dr Kerry Schott AO, and includes Deputy Chair Clare Savage, Australian Energy Market Commission Chair John Pierce, Australian Energy Market Operator Chief Executive Audrey Zibelman, and the Chair of the Australian Energy Regulator Paula Conboy.

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