

ATSE - NSW Energy Symposium

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Energy Governance Challenges: More Responsive Market Institutions

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About EPIA

- **Independent** – both of government and of industry
- **Apolitical** – indifferent as to party in power
- **Technology-neutral** – non-discriminatory in approach
- **Governance** – an executive board of 4 with a full board of 12 drawn from a cross-section of corporate, professional and academic members

About EPIA

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- **Overriding objective** - sound energy policy in the national and community interest – neither policy certainty nor political bipartisanship are goals if attaining them is at cost of sound policy
- **We don't lobby** – either on behalf of any member's interest or any sectoral interest
- **How we operate** – speaking up on topical issues, writing submissions, policy papers (18 published since 2013)

Context: wide disillusionment with governance in general and energy governance in particular - and a desire to see better

'It is a feature of modern communities that, as their size and complexity have increased, the more remote government has become from the individual, who finds it more difficult to influence the decisions that affect him', 1976

'Australia is less of a nation and more a series of warring tribes', 2001

Why do we need good governance of the energy industry?

- People feel exposed to energy security, price rises and climate change
- Good governance underpins good policy
- Too much political theatre
- Either we have rules or it's the law of the jungle
- Who makes the rules? Who enforces them?
- What happens when the rules don't work?

Key contemporary questions

- Recent EPIA survey confirms the Finkel Review conclusions: energy supply has become less reliable and less affordable without an appreciable reduction in emissions
- Survey confirms reliability is the top, non-negotiable concern, with affordability after that
- Has government become more difficult to deal with?

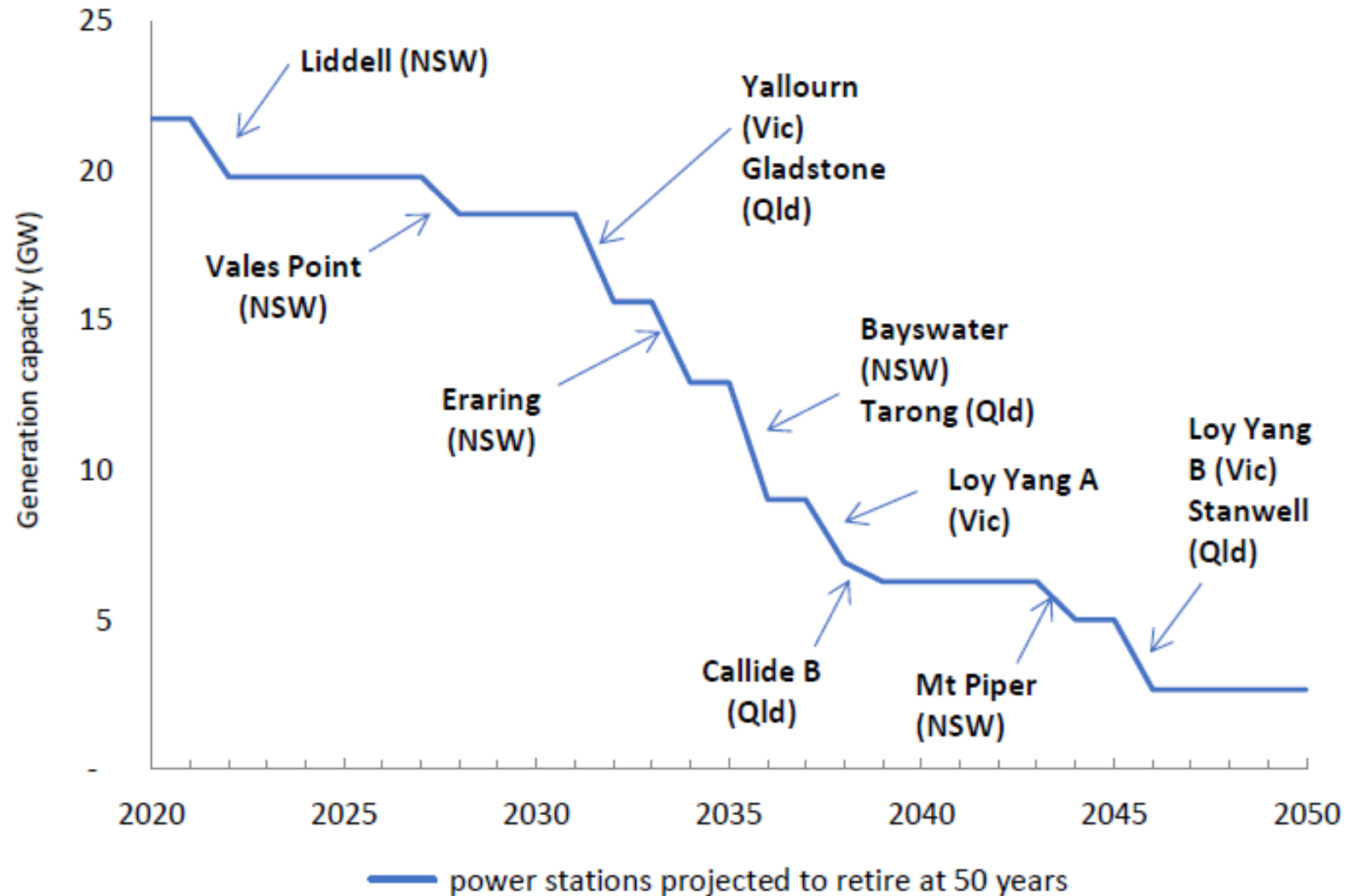
EPIA concerns pre-SA blackout

- 2013 EPIA paper identified lack of trust in energy governance (Pritchard)
- 2013 EPIA paper explained system costs of renewables (Keay of OIES)
- 2014 EPIA paper forecast impact of high prices (Snow of Oakley Greenwood)
- 2016 Disappointing Vertigan energy governance review
- 2016 EPIA paper highlighted risk of intermittent generation (Bartlett of UQ)

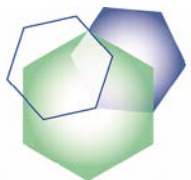
Finkel Review and its aftermath

- EPIA submission to Finkel: a system planner is the key element of governance
- Finkel's 50 excellent recommendations: including an Energy Security Board to undertake system planning and a Clean Energy Target to replace the RET
- EPIA strongly supported establishment of ESB, reporting to COAG, subject to proviso of undiminished reliability and maintaining affordability

Projected retirements of east coast coal-fired generators



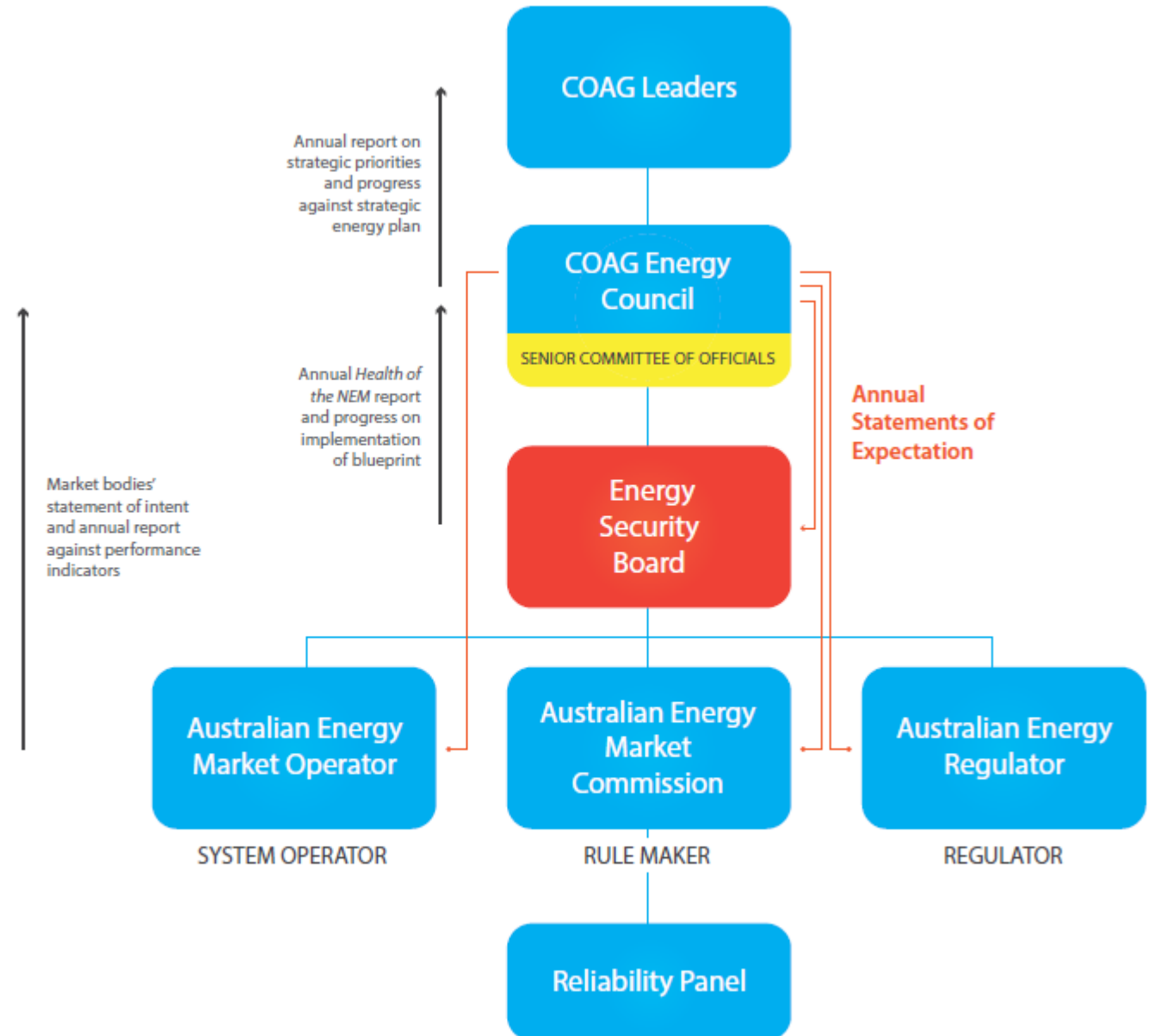
Source: AEMO NEM Generation Information



The National Energy Guarantee (NEG) scheme

- EPIA's concern about the CET will be satisfied by the proposed NEG
- What will COAG decide and why?
- Will stakeholders have a say?
- If COAG doesn't support, will the NEM break up?
- Would the Commonwealth go it alone? In my opinion, the Commonwealth can.

Proposed NEM accountability and reporting framework





To remain the key energy market institution, COAG must stop the political theatre and eliminate technology discrimination

In particular, each member should:

- support the NEG or withdraw from the NEM
- remove the uranium mining and nuclear generation bans
- remove the gas bans