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Time for a Circuit Breaker in Carbon & Energy Policy

Australia needs to “get its house in order” on energy and carbon frameworks, if it is to meet the Australian Government’s post 2020 emissions targets announced today without unnecessary costs to energy customers.

Energy Networks Association Chief Executive Officer, John Bradley, said Australia’s energy system could meet or exceed the Government’s emissions reduction targets of 26-28% below 2005 levels by 2030, but the cost to energy customers would be high if policy frameworks were not fixed.

“Australia’s electricity networks are vital to meeting and beating these targets – by connecting new renewable sources of supply, allowing the phase out of emission intensive generation and unlocking benefits of small and large solar, storage and demand management.

“Our gas networks will help lower emissions from household hot-water and heating and provide clean energy for industrial processes and gas-fuelled vehicle fleets,”

Mr Bradley said that important energy reforms were required to meet the emission reduction targets at least cost.

“Australia urgently needs electricity tariff structures that are efficient and avoid cross subsidies between energy users, while supporting a 600% increase in solar PV capacity by 2034.

“Our energy system is already changing dramatically, with electricity consumption per capita falling by 25% in the last 10 years and over 1.4 million household generators now integrated to the Grid.”

Mr Bradley said the Australian Government and COAG Energy Council should urgently progress commitments to electricity tariff reform and more coordinated carbon policies.

“Independent analysis shows that without tariff reform, average electricity bills will be \$250 higher in 20 years, so it’s vital we get pricing reform in place now to take pressure off consumers.

“Today’s announcement indicates the economy will bear a significant cost from 2030 to meet the targets - and that makes the National Energy Productivity Plan important to mitigate impacts.

“Cost reflective tariffs would achieve an economic benefit of \$17.7 billion hit by 2034 by avoiding inefficient investment in energy services.

“Australia needs to meet or beat these emission reduction targets through least cost abatement measures that are ‘technology neutral’ and last more than one election cycle.

“Whether you are a customer investing in solar and storage technology over 10 or 15 years – or a network investing in community assets for 50 years – Australia needs a stable investment environment.

“Without a predictable investment environment on emissions reduction, Australians will pay through the nose to make this essential transition,” Mr Bradley said.

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ENA is the peak national body for Australia’s energy networks; and represents gas distribution and electricity network businesses on economic, technical, environment and safety regulation as well as national energy policy issues.