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More spark needed for the National energy agenda

Australia's energy networks have urged the Federal Government to make electricity pricing reform and a level playing field for gas its key priorities in the forthcoming Energy White Paper.

Energy Networks Association Chief Executive Officer John Bradley said that pricing reform was the 'main game' to provide long-term benefits to consumers and a clear Roadmap was needed.

"Energy Ministers have led a sweeping reform agenda across the last two years to develop numerous changes to consumer protection and all aspects of network regulation," Mr Bradley said.

"While the cost pressures on electricity prices are declining we still have tariff structures that are unsustainable and unfair – locking in cross subsidies between consumers."

Mr Bradley said proposed changes to pricing rules were welcome, but had been designed without sufficient recognition of the reality that three quarters of Australian's don't have access to the meters needed for smarter pricing.

"It's time to reorganise the pricing reform agenda more clearly - remove barriers to networks rolling out advanced meters; complete overdue retail price deregulation; inform consumers about better price options; and improve customer hardship programs.

Mr Bradley said the ENA had called for a *National Implementation Framework for Flexible Pricing* which would achieve a phased transition to the introduction of cost-reflective pricing, based on defined consumption thresholds and customer initiated trigger events (such as the connection of solar photovoltaic (PV), battery storage and electric vehicles and connections to new premises).

Mr Bradley said Energy Ministers (Standing Council on Energy and Resources) would play a crucial role in progressing a revitalised agenda and the ENA had recommended closer oversight to 'mark the homework' on energy reform and ensure better coordination and sequencing.

"We suggest SCER consider more frequent meetings, with a more transparent agenda and we congratulate Minister Macfarlane on his decision to engage peak industry and consumer groups with Ministers at the meeting."

Mr Bradley said the ENA supported abolition of the Small Scale Renewable Energy Technology Scheme, which was increasing electricity prices and distorting hot water appliance markets.

"Gas hot water systems which provide significant emission reductions are competing against subsidised heat pumps and solar hot water systems in distorted appliance markets.

"To reduce pressure on electricity prices, we should stop subsidising technologies that don't need it. Solar PV technology is now well established and is forecast to undergo significant growth without further subsidies."

Mr Bradley said the ENA was concerned about the impact of wholesale gas price volatility on domestic gas consumers and their capacity to manage the transition.

"While direct government intervention in markets should not occur unless justified, the Energy White Paper should evaluate the role of a National Interest Test on future large-scale export gas developments, as has been adopted in other international jurisdictions."

ENA has recommended five steps to achieve better outcomes for energy customers:

1. Deliver the current national network regulatory reform program
2. Enhance SCER's role in managing energy market reform
3. Achieve a truly national economic regulator for electricity and gas networks and reduce the regulatory burden
4. Implement three key electricity market reform priorities; tariff reform, demand side participation and national measures of the value of customer reliability
5. Support a level playing field for 'gas' and upstream market development.

"These are more than an esoteric policy wish list. They have practical implications for network businesses and for consumers.

The ENA submission recognises today's electricity grid is much more than poles and wires, as demonstrated in the sustained heat wave experienced this summer.

Mr Bradley said sustained temperatures of over 40 degrees bring highlighted that:

- Smarter Price structures are crucial to reward customers who reduce demand and save money;
- Advanced meters inform network operators about pressure points, enabling faster responses;
- Network businesses are already relying on distributed generation to play a key in supporting peak demand response;
- Recent investment in network infrastructure is designed to meet the extreme peaks;
- Australia's domestic gas network plays a vital role in supporting the generation response during peak events.

"The Energy White Paper is an opportunity to present a coherent national energy agenda that takes into the account the changes that are already taking place in the energy system and to map a path for the future," Mr Bradley said.

Ends.

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The ENA submission: Response to the Energy White Paper – Issues Paper is available [online](#).

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.