

8 December 2016

**AUSTRALIAN ENERGY COUNCIL AND**  
**ENERGY NETWORKS AUSTRALIA**  
**Communique**

A national meeting of the chief executives of Australia's leading energy retailing, distribution, transmission, generation and other service businesses agreed that:

- Australia's energy system needs urgent, national reform to energy policy and regulation to deliver a reliable and affordable transformation. This transformation is already well advanced. It is occurring on multiple fronts: reduced greenhouse emissions, increased energy productivity, improved customer service and greater involvement in energy supply and use by customers.
- A critical measure of successful reform is that all energy investors - including consumers, new entrants, incumbent generation businesses and energy networks – will have sufficient certainty to ensure efficient investment without political risk.

*Power System Security*

**The continued reliability of Australia's energy system security will not be maintained by good luck.**

- Power system security is a vital concern to all customers including large commercial and industrial customers who are vulnerable to extended outages and can face irreparable commercial or operational impacts in an unstable or insecure power system.
- The National Electricity Market has worked well. However, maintaining power system security in the future will rely on new investments by diverse energy providers able to manage risks. Governments should reduce this risk, and the cost of it, by ensuring nationally integrated, predictable policy and regulation.
- Energy businesses support robust, evidence-based reforms being assessed by the NEM Security Review, Australian Energy Market Commission, Australian Energy Market Operator and other bodies.

*Integration of Carbon and Energy Policy*

**Australian energy businesses are committed to supporting Australia's international commitments to reducing greenhouse gas emissions.**

**Australian energy businesses support efficient, national, market-based measures for achieving carbon abatement, preferably an emissions intensity scheme for the electricity sector or an economy-wide price on carbon.**

- Renewable energy sources will play an increasing role in a cleaner energy system and will require effective integration in the National Electricity Market. Without material changes to better integrate carbon and energy policy in national frameworks, Australian energy customers will pay more than necessary or face more supply risk in the transition to achieving a cleaner energy system. Technology-specific and jurisdictional measures (like state based renewable energy targets) are a second-best measure.

- Australian Governments, through the COAG Energy Council, should urgently commit to implement nationally consistent, enduring and market-based policy frameworks to achieve current and future carbon abatement targets. This will provide the long-term certainty and predictability which supports needed investment.
- Such frameworks should leverage, rather than conflict with, the institutions of the National Energy Market.

*Priorities for New Energy Markets*

**Market and regulatory frameworks should enable the most effective and efficient solutions to emerge on a level playing field.**

- Competition should be encouraged between alternative technologies, delivery models and participants. Governments should avoid picking winners or technologies.
- Customer Protection frameworks will require timely review to ensure they continue to support those customers most in need, whilst promoting the benefits to customers of competition in national markets with minimal regulatory distortion.
- In an increasingly integrated grid, energy customers should be provided access to fairer, more efficient electricity prices. This should reward customers for their contribution to lowering system costs through their demand for energy or the efficient use of distributed energy resources and alternative technologies. Such prices also enable consumer choice in a technology neutral manner, while avoiding the need for explicit or implicit subsidies which are paid for by other customers.

Further information:

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