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## **AEMO report highlights need for new COAG Energy Council process**

The release of the 2016 Electricity Statement of Opportunities (ESOO) today by the Australian Energy Market Operator (AEMO) highlights the need for Australian Energy Ministers to improve current processes for coordinating national energy and carbon policy.

Energy Networks Association (ENA) CEO John Bradley said the report did not change the need to decarbonise Australian energy – but it did identify the need for integrated carbon and energy policy and a planned transition to a cleaner energy system.

The AEMO report indicates the need to avoid potential reliability breaches occurring in South Australia from 2019-20, and New South Wales and Victoria from 2025 onwards.

“Australia’s transition to a cleaner energy system is non-negotiable. The AEMO report shows the need to anticipate threats to system reliability, security and price volatility,” Mr Bradley said.

Mr Bradley warned the National Electricity Market (NEM) could ‘drown under the weight’ of competing State and Federal carbon and renewables policies.

“Australian market bodies like the AEMO and AEMC are actively planning for the dynamic changes in our generation mix, but the policy makers can do more to assist.

“COAG Energy Council could take a practical step to support integrated carbon and energy policy by agreeing to incorporate an explicit assessment of national energy market implications when developing jurisdictional initiatives.

“Governments already assess new initiatives for regulatory burden, so it makes sense to assess proposed carbon and energy policy initiatives for impacts on national energy markets or network efficiency.

“To ensure an assessment independent of any government or political party, the COAG Energy Council should consider commissioning the Australian Energy Market Commission (AEMC) to undertake this role.

“Australia needs a clearer process for integrating carbon and energy policy nationally, because the current system isn’t working.”

Mr Bradley said the AEMO report did identify challenges to system stability, but also potential solutions.

“The report highlights the potential for grid stability issues to be addressed by timely development of efficient interconnectors, the use of battery storage or other solutions.

“Our future energy mix must rely on more intermittent generation from wind, solar and other renewables, so Australia will need dispatchable, low carbon energy sources to balance power supply in real time.

“There is a major technology competition underway to solve this long-term problem.”

Mr Bradley said the solutions to intermittent generation could lie in concentrated solar thermal technology or battery storage. It could also include options that remove the carbon footprint of conventional generation – like renewable biogas, carbon capture and storage, or storing energy in gas networks through Power to Gas technology.

"Energy networks will be the adaptive platform enabling these new technologies to compete on their merits to supply customers with cleaner, reliable and affordable energy."

The ENA welcomed the recently announced review of power system security by the AEMC and shared initiatives with AEMO.

"Our national energy institutions can support State and Federal governments in maintaining security and affordability in a low carbon future, but it will require a commitment to look beyond state borders," Mr Bradley said.

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The Energy Networks Association is the peak national body representing Australia's electricity transmission and distribution networks and gas distribution networks on economic, technical, environmental and safety regulation, and national energy policy issues. ENA members provide energy to virtually every household and business in Australia.