MEDIA RELEASE

30 August 2016

Smart carbon policy worth over $200 per year to customers

Smarter carbon policy could save Australian households an average of $216 per year, while meeting Australia's 2030 carbon targets.

The Energy Networks Association (ENA) today released a final report by Jacobs analysing alternate carbon policy options, along with ENA's proposed 7 Steps to Smarter Carbon Policy.

ENA Chief Executive Officer, John Bradley, said the analysis confirms that if governments focus on outcomes rather than picking technology winners, Australia can meet the same carbon target while saving customers $216 per year and achieving economic savings of $900 million.

He said the call for technology neutral policy was no attack on renewable energy sources.

"If markets are allowed to work, each technology finds its efficient role. Jacobs saw renewable generation reaching the 33,000 GWh target by 2020 in all scenarios examined and continuing to grow beyond 2020," Mr Bradley said.

"If we have outcome focussed carbon policy, our power system is in a stronger position to support more renewable energy, while avoiding reliability and security risks for customers."

The ENA also released *Enabling Australia's Cleaner Energy Transition*, which includes proposed actions for the Australian Government in the review of carbon policy scheduled for 2017.

"We propose seven key steps for smarter carbon policy starting with securing enduring, nationally-integrated measures with more consensus," Mr Bradley said.

"There is a pragmatic opportunity to allow carbon trading between electricity generators by building a 'Baseline and Credit' trading scheme on the existing Emissions Reduction Fund Safeguard Mechanism.

"If we can secure tangible progress with consensus today, we can review and tighten our carbon targets and refine emissions trading options over time."

Mr Bradley welcomed the recent announcement by Australian energy ministers that they would commission an assessment of the impacts of diverse jurisdictional policies.

"Governments can achieve better integration of carbon policy if all their policies are focused on the same objective – carbon abatement.

"When it comes to meeting our emission targets, governments should 'buy in bulk and save'. Policy fragmentation will cost customers hundreds of dollars per year without any benefit in reducing global warming."

The Jacobs report and consultation on the proposed policy measures in *Enabling Australia's Cleaner Energy Transition* will inform development of the forthcoming *Electricity Network Transformation Roadmap* by the ENA and CSIRO.

-Ends-

Media Contact: Simone Reading sreading@ena.asn.au 02 6272 1524 or 0447 569 029

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.

SEVEN STEPS TO SMARTER CARBON POLICY

1. Pursue an enduring, stable and nationally integrated carbon policy framework based on consensus.
2. Introduce a 'Baseline and Credit' Scheme leveraging the current legislative architecture of the Emissions Reduction Fund Safeguard Mechanism.
3. Over time, consider options to increase economic efficiency by moving to a Carbon Price mechanism, with appropriate financial transfers and household support and without risking subsequent policy 'churn'.
4. If governments maintain direct incentive programs, transition Commonwealth and State programs to focus on least cost abatement outcomes, which are scale neutral and technology neutral.
5. Continue to review Australia's abatement targets (in the form of Intended Nationally Determined Contributions or INDCs), within the 5 yearly cycle proposed following the COP21 Agreement in Paris.
6. Incorporate an explicit, independent assessment of national energy market implications when developing jurisdiction initiatives on carbon and renewables policy.
7. Ongoing support for research, development and demonstration on a diverse range of low emission technologies.

ABOUT THE JACOBS MODELLING

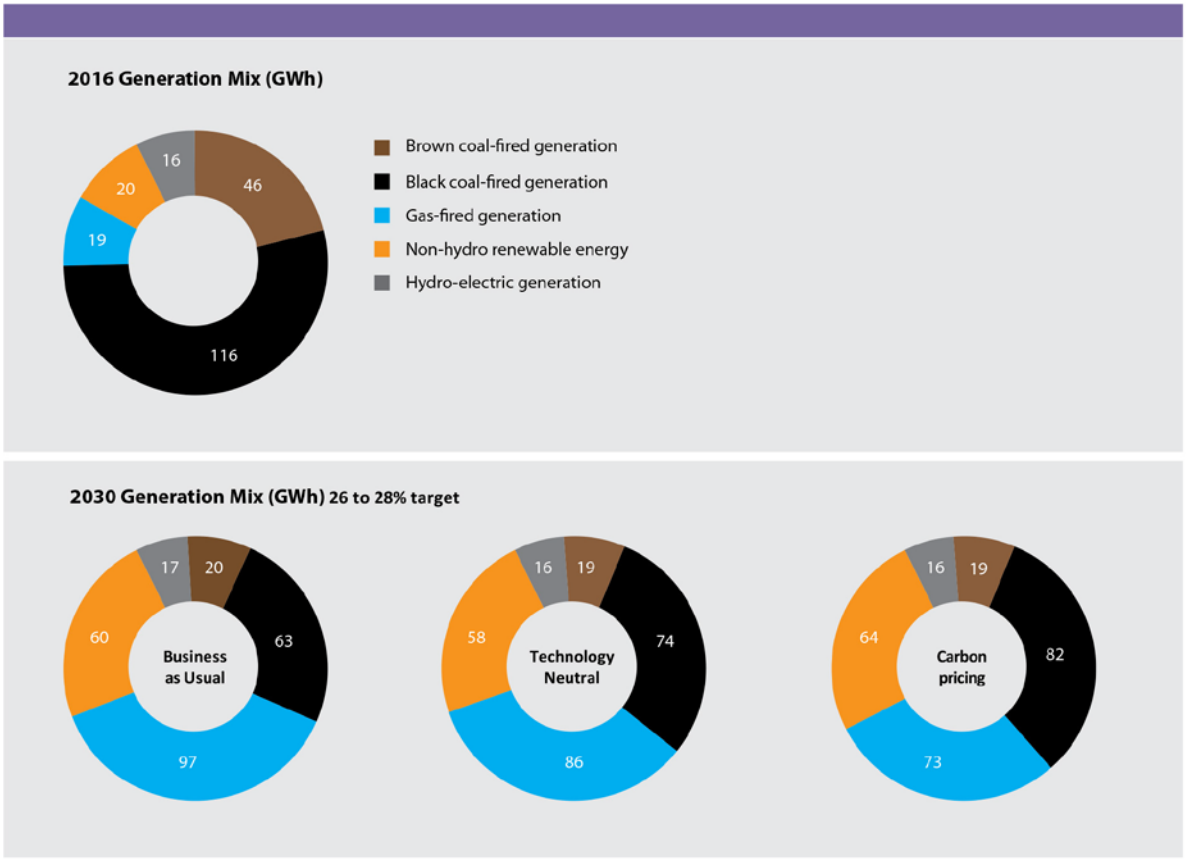
The Jacobs modelling considered the impacts of three different policy settings aimed at achieving 26 to 28% emissions reduction on 2005 levels by 2030. These policy settings include:

- Business as usual – where the suite of current State and Federal government renewable policies continues and major policy settings are adjusted to reach the abatement target.
- Technology neutral – where the current suite of policies is adjusted to become technology neutral and elements of a baseline and credit scheme are introduced.
- Carbon price mechanism – where all other policies are removed and replaced by a carbon price on all emissions.

SNAPSHOT OF KEY RESULTS

	Business as usual	**Technology neutral**	**Carbon pricing**
Australian Abatement target met by 2030?	**Yes**	**Yes**	**Yes**
Generation Mix in 2030 (GWh)			
Wind	38,358	38,358	42,675
Large Solar	768	768	768
Rooftop PV	15,837	14,428	15,848
Other renewable	21,745	21,021	20,912
Gas fired generation (OCGT)	13,448	11,375	7,144
Gas fired generation (CCGT)	83,384	74,906	66,188
Coal fired generation	82,891	92,972	101,393
Total	**256,430**	**253,828**	**254,928**
Change in Generation Capacity (2020 to 2030) (MW)			
Wind	5,006	5,006	9,460
Large Solar	0	0	0
Rooftop PV	5,243	4,316	5,395
Gas fired generation (OCGT)	818	818	818
Gas fired generation (CCGT)	7,357	7,586	7,019
Coal fired generation	-8,250	-8,250	-8,250
Total	**10,566**	**9,940**	**14,660**
Resource Cost Savings (vs BAU)	N/A	$900 million	$1,500 million
Residential Bill (2030), $/annum	**1,773**	**1,557**	**1,831**

Figure 3: Change in Generation Mix from 2016 to 2030 under Carbon Policy Scenarios



The Energy Networks Association's policy options paper, *Enabling Australia's Cleaner Energy Transition* inclusive of Seven Steps to Smarter Carbon Policy, can be accessed here.

Jacobs report, *Australia's Climate Policy Options: Modelling of Alternate Policy Scenarios*, can be accessed here.