

26 July 2017

Step change in innovation needed for energy customers

Customers could miss out on benefits of new technologies if regulation doesn't keep pace with a transforming energy system, Energy Networks Australia CEO John Bradley said today.

A new Network Innovation Discussion Paper will be released today at the Energy Networks Australia seminar, *Evolving Faster: Regulating Transformed Energy Markets*.

The paper seeks feedback on options for an Australian *Network Innovation Scheme* similar to that used in the United Kingdom to promote breakthrough technologies and systems, while maintaining security, reliability and affordability.

"The United Kingdom has been highly successful reforming regulations to encourage network innovation at a time of rapid change," Mr Bradley said.

The UK energy regulator estimated that its network innovation scheme could achieve net-benefits for customers of between £800 million and £1.2 billion when projects are rolled out by trialling companies and up to £8.1 billion if rolled out across Great Britain.

Mr Bradley said innovation in energy networks through the integration of new technologies, smart grid applications, machine learning and 'big data' analytics could reduce long-term energy costs and provide a more stable, reliable energy system.

The Discussion Paper indicates that about 1% of Australia's energy research budget goes into electricity grids, despite the grid representing up to half the cost of an average electricity bill and a quarter of future electricity system expenditure to 2050.

"Australia's research focus does not line up with the best international experience. For instance, the UK invests three times more on energy network innovation per capita despite being much more densely populated," Mr Bradley said.

"Energy networks must become as agile as the technologies they are connecting in a much more dynamic energy system.

"The Finkel Review highlighted an urgent need to ensure market rules and frameworks enable the introduction of emerging technologies and the ability to test them."

"The regulatory framework should encourage fresh approaches to get the best value outcomes for customers, with trials and pilots enabling the right technology to be deployed at the right time."

Mr Bradley said innovation would also play a key role in further decarbonising Australia's gas sector.

"Three transformational technologies - biogas, hydrogen and carbon capture and storage - could provide new zero-emission and low emission fuels that deliver energy to Australian homes, businesses and vehicles using the existing distribution network." Mr Bradley said.

The *Network Innovation Discussion Paper* is available [here](#). Stakeholders are encouraged to provide feedback on the paper by 26 September 2017.

Evolving Faster: Regulating Transformed Energy Markets will be held today, Wednesday 26 July, 12.30 pm - 5.45 pm, Auditorium, State Library of Queensland, Stanley Place, South Brisbane. It will feature presentations from: Paula Conboy, Chair, Australian Energy Regulator, John Pierce, Chair, Australian Energy Market Commission, **Martin Crouch**, Ofgem, **Graham Shuttleworth**, NERA Economic Consulting UK, **Rick Francis**, Spark Infrastructure and **Carly Hyde**, Queensland Council of Social Services. The Seminar program is available [here](#)

Media can register their attendance by contacting Emma Watts
ewatts@energynetworks.com.au

ENDS

Media Contact: Emma Watts, 02 6272 1514 or 0402 459 565

Energy Networks Australia represents Australia's electricity transmission and distribution networks and gas distribution networks. Our members provide energy to virtually every household and business in Australia.