

13 July 2018

Dr Kerry Schott
Independent Chair
Energy Security Board
Via email: info@esb.org.au

Dear Dr Schott,

RE: Draft Detailed Design of the National Energy Guarantee: Consultation Paper.

Brickworks Limited (Brickworks) welcomes the opportunity to comment on the Energy Security Board (ESB) consultation for the Draft Detailed Design of the National Energy Guarantee (NEG) Consultation Paper.

Brickworks is a domestic manufacturer of building products and a large electricity consumer consuming over 90 GWh per annum in the National Electricity Market (NEM).

We support the NEG's high level goal of balancing the objectives of energy security, energy affordability and emissions reduction in line with Australia's global commitments. Those objectives should be met on a technology neutral basis to ensure that reliability is provided at the lowest cost to consumers.

While we are strongly in favour of ensuring we have a reliable electricity supply, we do not believe that end consumers are best placed to manage the proposed reliability obligation which is a risk that is best managed by existing wholesale participants. We note that there has been modelling that has shown that large consumers individually managing reliability obligations will result in significantly higher peak contracting requirements than retailers who receive an aggregation benefit of co-incident peak load. Mandating large consumers to individually contract to their peak load would result in gold plating generation capacity and a higher cost pass-through to consumers. Instead, a large consumer should have the flexibility to voluntarily opt-in to directly manage their reliability obligation where they believe they can meet this obligation at a lower cost than their retailer.

As a member of both the Energy Users Association of Australia and Manufacturing Australia we support the principles outlined in their submissions.

Brickworks welcomes further discussion with the ESB on our response and I can be contacted on 0491 222 142 in the first instance.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Melissa Perrow', written in a cursive style.

Melissa Perrow
Group Manager Energy
Brickworks Limited