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Energy Security Board
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To whom it may concern,

National Energy Guarantee Consultation Paper

The City of Sydney welcomes the opportunity to provide recommendations for the Energy Security Board to consider in designing a framework for the National Energy Guarantee.

The City of Sydney has endorsed targets to reduce greenhouse gas emissions across the local government area by 70 per cent based on 2006 levels and for 50 per cent renewable electricity by 2030. Our longer term target is net-zero emissions by 2050 in line with the Paris Agreement ratified by the Australian Government.

Clear energy policy and programs by the Australian Government is essential to allow efficient and timely investment decisions that will reduce the cost of energy and avoid stranded assets while increasing the share of renewable energy to meet Australia's near and longer term targets under the Paris Agreement.

The City supports the intent of the National Energy Guarantee to reduce prices, ensure reliability and reduce emissions from the electricity sector.

It is recommended that the Energy Security Board:

- **Provide advice to the Australian Government on emissions targets** that ensures a more significant contribution from the electricity sector toward meeting Australia's current and future commitments under the Paris Agreement. Australia's grid emissions intensity is amongst the highest in the world and there are many opportunities to reduce emissions at significantly lower cost to society than other sectors. A 2030 reduction target of 40 per cent or higher is recommended. A target for complete decarbonisation by around mid-century is necessary.
- **Prioritise reducing emissions from generation before offsets.** As countries meet Paris Agreement commitments and sectors such as international aviation increase demand for offsets, there will be implications for availability and price. Reducing emissions from generation reduces liability in a permanent way and will make for more permanent and cost-effective emissions savings in the longer term.
- **Address issue raised by the Climate Council** that the availability of sufficient supply being considered by the National Energy Guarantee would only account for 0.24 per cent of outages (equivalent to 1-2 minutes per customer per year).
- **Address the concerns expressed by energy retailers** that the proposed contracting method may further obscure market processes, lead to excessive

administrative burden, reduce liquidity in the market and disproportionately impact new retailers - thereby reducing competition and leading to higher energy prices.

- **Reliability obligation on generators should be commensurate to the risk.** Australia already has one of the highest electricity reliability obligations in the world however 98.15 per cent of outages are due to network failures which are not covered under the National Energy Guarantee.
- **Reliability obligation should be consistent across all generation types.** The majority of recent generation failures have been due to aging coal-fired assets. Reliability obligations should apply equally for renewable and non-renewable generation sources.

It is hoped that these recommendations contribute to a functional scheme that operates as intended.

For any enquiries related to this submission, please contact the City's Manager of Carbon Strategy, Nik Midlam on 02 9265-9847 or at nmidlam@cityofsydney.nsw.gov.au

Yours Sincerely



Kim Woodbury
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