



Electrical Trades Union of Australia

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ETU Submission - Draft Detailed Design for Consultation Commonwealth Elements

The Electrical Trades Union of Australia (ETU) is the Electrical, energy and Services Division of the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union of Australia (CEPU). The ETU represents approximately 61,000 electrical and electronic workers around the country and the CEPU, as a whole, represents approximately 100,000 workers nationally, making us one of the largest trade unions in Australia.

Whilst the ETU welcomes the opportunity to make a submission on the Commonwealth Elements of the National Energy Guarantee (NEG) proposal we would once again reiterate our concerns with the lack of genuine consultation and engagement with industry stakeholders. The effort and resource allocated to engaging business interests sits in stark contrast to the lack of effort in meaningfully engaging other stakeholders such as workers representatives. The continued absence of any meaningful dialogue or policy about facilitating a fair and just transition to renewable energy for workers and their communities is reckless.

Australia's energy rules are broken and continuing to shape the industry to favour business over consumers, workers and the community will never adequately address the issues of reliability, dispatchability and affordability.

The Emissions Target

The proposed emissions target is unsatisfactory. Current and forecast renewable energy projects indicate Australia achieving this target under a business as usual approach therefore making the current target useless. The whole point of setting targets is to drive behavioural change. If the target will be met under business as usual then Australia's energy sector will have lost nearly all incentive to invest, innovate and expand the renewable energy sector.

There is very likely to be flow on effects from this decision to non-NEM jurisdictions who don't appear to have any say in the decisions being made.

This decision will:

- Penalise States and Territories who choose more ambitious emissions reduction targets;
- Incentivise high emission facilities to be run beyond their natural life cycles; and
- Remove long term investment certainty that is needed for large capital investments.

Exemption for EITE Activities

Whilst the ETU recognises the need for EITE exemptions in the short to medium term, a long term and durable energy policy must contemplate appropriate transition mechanisms for these industries. Taking the approach that somehow these industries will be exempted in perpetuity is simply irresponsible and will not drive appropriate transition behaviours to improve efficiencies in these industries and decrease emissions.



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Further, the fact that many EITE entities participate in the electricity market in ways other than as a consumer needs closer scrutiny. To be exempted from emissions reductions while profiteering from the electricity market is not conducive to addressing affordability issues within the sector.

Offsets

With respect to the possibility of allowing the use of offsets, we consider there to be no compelling rationale for the use for offsets within the NEG. Reliance on carbon permits to meet Australia's emissions targets under the NEG would act as a disincentive for investment in domestic technologies, innovations and projects to transition Australia to a low carbon economy.

Therefore we submit that there should be no access to external offsets.

Conclusion

Overall the policy architecture of the NEG is deficient. Our assessment to date maintains our view that the NEG will;

- a) Put upward pressure on electricity prices;
- b) Entrench market power of large retailers (particularly gentailers);
- c) Reduce investment certainty for renewables; and
- d) Do nothing with regards to achieving a Just Transition for the energy sector.

While these issues remain, the ETU cannot support the NEG.