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COAG Energy Security Board  
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### **Strategic Energy Plan Draft Metrics**

Meridian Energy Australia Pty Ltd and Powershop Australia Pty Ltd (MEA Group) thank the Energy Security Board (ESB) for the opportunity to comment on the Strategic Energy Plan Draft Metrics.

The MEA Group is the owner and operator of the Mt Mercer and Mt Millar Wind Farms as well as the Hume, Burrinjuck and Keepit hydroelectric power stations. The MEA Group also owns and operates Powershop Australia, an innovative retailer committed to providing lower prices for customers which recognizes the benefits for customers of a transition to a more renewable based and distributed energy system.

What are stakeholders' views on the draft evaluation metrics outlined in Attachment A? Are there preferable metrics to measure progress against the Strategic Energy Plan objectives?

The MEA Group supports the development of a Strategic Energy Plan and associated metrics (Plan). The continued development of the Plan as the industry develops and an assessment of progress against well understood and shared metrics should assist in ensuring that the industry and consumers are supported by an informed debate based on factual assessments.

We are supportive of the ESB's approach of considering the factors of accuracy, data accessibility, neutrality and replicability in developing the metrics. We recognise that in a complex market undergoing significant transition with multiple industry participants and a wide range of drivers, selecting appropriate metrics will be difficult. We also share the ESB's desire to keep the number of metrics to a minimum so as to avoid information overload and confusion. Nonetheless, with these conflicting choices it is important that the desire for brevity and simplicity does not overwhelm the importance of relevance.

In particular, past experience has demonstrated that when the industry focuses on single measures of success (e.g. regular compliance with the Reliability Standard), significant market changes and risks can be missed.

We also support the views expressed by the ESB that "...in all cases, it will be important to consider metrics within the broader context of a rapidly changing energy market" and "...given the interdependencies in the energy sector, a change in a particular metric year on year could be a result of a range of external factors and may not necessarily represent an improvement or worsening in circumstances."

These factors highlight that in many cases the metrics will not be capable of being robotically applied to assess progress against the Plan (or even whether the Plan remains appropriate). The metrics will be best used as a tool for starting and enabling informed debate on the Plan and its progress.

Are there any metrics which stakeholders think are of lesser significance and could therefore be removed?

While it is difficult to be prescriptive, there are a few proposed metrics which do not appear to meet the ESB's objectives. These are metrics that:

- appear to measure inputs rather than outputs (e.g. measuring the number of projects not whether they addressed underlying issues);
- are not related to the overarching objective (“...number of adaptation processes in place to upgrade energy infrastructure” appears totally unrelated to “...system planning and development is informed by clear and transparent rules”);
- exclude relevant market activity even where the market activity is expected to be the main means of delivering the outcome (there seems to be very few measures of actual market participant activity as opposed to market body activity) ; or
- do not allow an assessment of the actual underlying objective (e.g. a high or low FCAS market size could be due to whether low cost solutions have been brought to market or the need for solutions has increased or not).

Given these complexities we consider it appropriate for the ESB to develop a process for assessing the value of each metric over time and enabling the experience of their use to inform the ultimate preferred metrics.

If you have any queries or would like to discuss any aspect of this submission please do not hesitate to contact me.

Yours sincerely



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