



Energy Security Board
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Dear Sir/Madam

Smart Energy Council submission on National Energy Guarantee

The Smart Energy Council – the peak national body for the solar, storage and smart energy management industry – welcomes the opportunity to comment on the Energy Security Board’s National Energy Guarantee Draft Design Consultation Paper.

Smart Energy Council

The Smart Energy Council has a strong and diverse industry membership. Its more than 1,000 members comprise companies delivering residential, commercial and large-scale solar, storage and smart energy management products and services, including manufacturers, distributors, retailers, installers, financiers and project developers.

The Smart Energy Council was previously known as the Australian Solar Council and Energy Storage Council.

Smart Energy Council Position on the National Energy Guarantee

The Smart Energy Council does not support the National Energy Guarantee.

The Smart Energy Council calls on State and Territory Governments to reject the National Energy Guarantee through the COAG Energy Council.

The National Energy Guarantee is a recipe for delay and inaction on renewable energy and climate change.

The proposed National Energy Guarantee will:

- curtail investment in renewable energy;
- fail to tackle climate change;
- decrease competition in the electricity market; and
- increase costs for all consumers.

The National Energy Guarantee proposes a cap on renewable energy of between 28-36 per cent in 2030, a figure that would stifle investment and jobs and stop the much-needed modernisation of the Australian economy.

The Australian Government’s consultation process is a breach of faith, with an expensive advertising campaign promoting the National Energy Guarantee being unleashed while the initial consultation process is still underway.

The advertising campaign proves that the National Energy Guarantee is a political solution to a political problem. It is an attempt by the Turnbull Government to appear to be doing something about energy security and affordability. It is a delaying tactic while actively obstructing the path to a cleaner, more reliable and cheaper energy system.

Even if the National Energy Guarantee were to be endorsed by all Australian Governments in late 2018, which is unlikely, it will be at least 2020 before revised electricity rules and laws are implemented.

The Australian Government does not have a renewable energy policy beyond 2020 and the National Energy Guarantee proposal is designed to ensure that remains the case.

The Smart Energy Council supports smart national energy policy and will continue to work with all Governments which act in good faith to ensure the implementation of nationally consistent policies that deliver at least 50 per cent renewable energy by 2030.

Concerns About the National Energy Guarantee

The Smart Energy Council fully endorses the conclusions of the Climate Council that the National Energy Guarantee:

- risks derailing Australia’s booming renewable energy and storage sector;
- will not do enough to reduce Australia’s rising greenhouse gas emissions and tackle climate change;
- has misdiagnosed a reliability problem for the national energy grid. Australia’s power supply is highly reliable; and
- will hamper States and Territories in being able to achieve their articulated renewable energy targets. State and Territory policies and the national Renewable Energy Target are ensuring Australia’s transition to a future powered by clean, affordable and reliable renewable energy and storage is underway.¹

The Smart Energy Council also endorses the view of the Victorian Government’s Renewable Energy Advocate, Simon Corbell, that the National Energy Guarantee “is neither transparent nor ambitious” and that it will not allow Australia to meet its international climate change obligations.²

Mr Corbell also stated that the National Energy Guarantee “does not underpin, or send the signals that are needed for long-term renewable energy development in Australia. It fails to

¹ Clean, Reliable Power: Roadmap to a Renewable Future, Stock A., Stock, P, Bourne, G. and L. Brailsford, 2018, Climate Council.

<https://www.climatecouncil.org.au/uploads/1d0f41e7b45f5910b274c6c2c3c116f4.pdf>

² <http://reneweconomy.com.au/corbell-slams-neg-neither-ambitious-transparent-17788/>

address the need to establish a clear pathway to achieve the complete decarbonisation of the Australian electricity supply sector by mid-Century”.

As ClimateWorks has noted, if the National Energy Guarantee only delivers a 26 per cent reduction in emissions by 2030, other sectors of the economy will have to make greater emissions reductions sooner.

The Australian Government does not have policies in place to deliver emissions reductions across other sectors of the economy. Current Australian Government policies will only deliver a 5 per cent reduction in emissions across non-energy sectors of the economy.³

Reducing Competition and Increasing Costs for Consumers

The Smart Energy Council endorses concerns raised by various sectors of the energy industry that the National Energy Guarantee is likely to reduce competition in the energy market and drive up the cost of electricity.⁴

The destruction of the existing functioning and deep liquid energy market is unnecessary. A less liquid market is likely to strengthen the existing oligopoly in the energy market, a point that has been made by one of Australia’s most eminent economists, Professor Ross Garnaut.⁵

The Smart Energy Council does not support any policy that artificially extends the life of fossil fuel plants at the expense of investment in renewable and smart energy. The COAG Energy Council must plan for the orderly and rapid shutdown of uneconomic fossil fuel plants aligned with the deployment of clean alternatives.

The Smart Energy Council also opposes the use of international offsets as they actively discourage investment in renewable energy projects in Australia and simply transfer national obligations for meeting global targets.

For more information, please contact Wayne Smith, Manager of Government Relations, at wayne@smartenergy.org.au or on 0417 141 812.

Yours sincerely

John Grimes
Chief Executive
8 March 2018

³ <https://climateworksaustralia.org/story/media-release/federal-energy-policy-provides-emissions-reductions-electricity-sector>

⁴ <https://www.smh.com.au/business/the-economy/protesters-storm-the-stage-at-neg-forum-20180226-p4z1py.html>

⁵ <http://reneweconomy.com.au/garnaut-says-neg-may-little-prices-certainty-competition-94610/>