



NOVEMBER 21 2017

ON BEHALF OF ALL AUSTRALIANS COAG NEEDS TO DEVELOP THE NATIONAL ENERGY GUARANTEE

Representatives of Australia’s businesses, communities, environment, energy industry and workers are calling on the Commonwealth and States to work together in good faith and a spirit of compromise to make further development of the National Energy Guarantee (the Guarantee) their top priority.

Australia is suffering unsustainably high electricity prices and rising emissions, and our reliability and cost challenges will worsen if the retirement of ageing generators is not managed well. The new private investment needed to turn the situation around will not be forthcoming without confidence in a credible, scalable, integrated and enduring long-term energy and climate policy framework.

To be a success, any framework needs both to sustain broad political support and to address the energy trilemma, supporting a clean and reliable energy system at the lowest sustainable cost. The Guarantee is only a concept at this point, with much development required. But we are hopeful that this further work will identify that the proposed mechanism can deliver. Importantly, there are no apparent alternatives at present that are both potentially functional and potentially acceptable to all sides of politics.

The electricity sector needs certainty, and soon, to put an investment pipeline in place. But the Guarantee is a major and complex reform that will need extensive consultation. It is also just part of a wider energy and climate policy reform agenda including the Finkel reforms, the National Energy Productivity Plan, the Climate Change Policy Review and more. We all look forward to the chance to input as the States, Commonwealth and energy market authorities develop the Guarantee further. Together we can ensure that the overall energy and climate policy framework meets Australia’s needs, including:

- Competitive, transparent and liquid electricity markets and efficient investment to deliver the lowest sustainable costs to energy users;
- A credible, scalable and enduring settlement of climate policy for the electricity sector to help ensure Australia meets our commitments under the Paris Agreement;
- Confidence for investment in the full range of energy services we need to maintain an affordable and reliable electricity system as old generators retire and emissions decline consistent with our Paris Agreement commitments; and
- Comfort that any impacts on industry and the community are understood, equitable and well managed, including maintaining the competitiveness of trade exposed industries, protecting vulnerable households, and ensuring a just transition for electricity sector workers and communities.

The Guarantee must be fit for purpose. Our organisations will not agree to just anything, and neither should COAG. What the COAG Energy Council meeting in Hobart this week should do is agree a work plan and full consultation to resolve the many unanswered questions about the Guarantee as soon as possible and produce a fully-fledged design ready for consideration, agreement and implementation. Without timely progress Australia will see energy costs and emissions increase, threatening our society, environment and economy.

Endorsed by:

Australian Aluminium Council
Australian Council of Social Services
Australian Council of Trade Unions
Australian Energy Council
Australian Industry Group
Australian Steel Institute
Brotherhood of St Laurence
Cement Industry Federation
Clean Energy Council
Energy Efficiency Council
Energy Networks Australia
Energy Users Association of Australia
Investor Group on Climate Change
National Farmers' Federation
St Vincent de Paul Society
WWF Australia

For further comment contact individual organisations.