RELIABLE ENERGY, REDUCED EMISSIONS AND IMPROVED AFFORDABILITY
APRIL 2018
NATIONAL ENERGY GUARANTEE – WHAT IS IT?

Reliable energy

Reduced emissions

Improved affordability

Sufficient investment in dispatchable MWs or demand response to meet peak demand

Electricity sector delivers emissions reduction target in line with agreed emissions reduction trajectory

Integration of energy and climate policy reduces risk premium on new investments.

Increased contracting in a more liquid market increases competition and reduces the level of spot prices and their volatility.
Guarantee to provide “market” with fair opportunity to deliver sufficient investment in dispatchable MWs or demand response to meet peak demand.

Retailers to enter contracts to deliver their share of the required MWs in a region.

To add system security services to these contracts would make them bespoke – reducing liquidity in the contract market.

Complementary mechanisms required to support system security to ensure a sufficiently flexible operating system.

The ESB will co-ordinate work on the Guarantee including Strategic Reserve; Demand Response and Day-ahead market.
NATIONAL ENERGY GUARANTEE – TOWARDS A LOWER EMISSION FUTURE

Australian Government

- Electricity emissions reduction target
- NEM emissions per MWh target
- Domestic
- International
- Limits
- Consistent with RET provisions

Energy Security Board

- MWh recorded by AEMO
- EITE exemption
- T&D losses
- DER
- Voluntary green schemes

Calculate emissions intensity

- Specify generation source
- Specify emissions per MWh
- Specify neither
- VI

Flexible compliance options

- Overachievement
- Deferral
- Offsets

COAG Energy Council

- Interaction between State schemes and Guarantee

States

- AER enforcement agency
- Ex-post
- Registry

Target

- Offsets

Calculate load

- EITEs
- Consistent with RET provisions

Reporting and compliance
NATIONAL ENERGY GUARANTEE – 8 STEPS TO A RELIABLE ENERGY SUPPLY

Forecast → Update → Trigger → Liable entities → Qualifying contracts → Procurer of last resort → Compliance → Penalties
NATIONAL ENERGY GUARANTEE – NEXT STEPS

• 20 April – COAG Energy Council meeting

• Subject to COAG Energy Council approval to proceed to detailed design:
  ➢ Late April – High-level design report published
  ➢ May-June – Stakeholder input on detailed design options – working papers/workshops
  ➢ July – Draft final design released for consultation
  ➢ August – Final design to COAG Energy Council for approval
  ➢ Second half of 2018 – Drafting of legislation and rule changes
QUESTIONS?

Energy Security Board