



**ENERGY
CONSUMERS
AUSTRALIA**

A Suite 2, Level 14, 1 Castlereagh Street
Sydney NSW 2000

T 02 9220 5500

W energyconsumersaustralia.com.au

T @energyvoiceau

in /energyconsumersaustralia

f /energyconsumersaustralia

ABN 96 603 931 326

Media Release

30 April 2021

A positive step towards delivering energy security for all Australians

The Post 2025 Market Design Options Paper released by the Energy Security Board offers solutions to the security challenges resulting from the transition to a renewable energy future but is less clear on a pathway to securing the full and fair participation of consumers.

“We see a lot of opportunities here,” Energy Consumers Australia Chief Executive Officer Lynne Gallagher said. “Some are early and immediate while some have been left for later. But the most important thing is we now have a framework that can allow us to get on with much-needed reform.”

The Energy Security Board was asked by energy ministers to develop a fit-for-purpose energy market that reflects huge changes underway in how Australia generates and consumes electricity.

Large fossil fuel generators are at the end of their economic life, massive quantities of renewable generation and battery storage are being added to the system and everyday Australians are flocking to rooftop solar and other behind-the-meter technologies.

Delivering on security

“What we see released today does not fully realise a future vision,” Ms Gallagher said. “But it does offer clear solutions on security issues that have slowed the system’s transformation and it gives us a much-needed roadmap to our destination.”

Measures that provide much-needed dispatchable capabilities and essential system services, together with planning for necessary transmission investment, should help resolve security concerns that have shadowed the system’s transformation since the South Australian blackout of 2016.

The Options Paper recognises the value in rebalancing the system, pushing beyond an excessive focus on investment in large-scale generation infrastructure to a future in which consumers are active participants, energy resources are more distributed and demand-side and community generation initiatives are common.

“It’s critical that we avoid building costly new infrastructure where and when there are smarter alternatives,” Ms Gallagher said. “Every dollar we save in this way should be saved by consumers.”

Reform needs to be consumer-centred

But Ms Gallagher said the Options Paper falls short in not providing a practical roadmap that identifies steps and sequencing needed to create a future system that rewards households and small businesses who have the opportunity and desire to manage their energy use and generation.

There is a risk that short-term focus on “command and control” methods to deal with some system security issues means the trust needed to build a more democratic, consumer-centred system could be damaged.

The recommendation to extend throughout the National Electricity Market South Australian-style emergency backstop powers that allow network operators to “switch off” rooftop solar exporters in the name of system security is concerning, Ms Gallagher said.

“We acknowledge that there are real security challenges and that emergency backstop may in some circumstances be necessary,” she said.

“But the starting point needs to be engaging with consumers and earning social licence. That comes from establishing trust and designing options that provide Australians with ways of managing their use

and generation that help their neighbours, their community and the system but also reduce their energy bills.”

Energy Consumers Australia encourages the ESB to continue exploring how jurisdictions can and should secure social licence for this kind of backstop capability before final recommendations are made later this year.

Consumer choice and protection

The Options Paper takes welcome steps towards a future operating environment in which consumers have more choice when it comes to retailers and retail models. The possibility of obtaining energy services from more than one provider represents a potential game-changer for competition, flexibility and increased consumer choice.

But Ms Gallagher said further detailed work is needed around a new consumer protection framework before consumers can be confident that protections are suitable for the ways Australians will use and generate energy in the future.

“This is a critical piece of reform that needs to be prioritised,” she said. “Consumer protection sits at the heart of a fair and well-functioning system. It should not be an appendix to system reform, it should be included from the start.”

Ms Gallagher said there was also a need to commit to fairness in the future energy system, pointing to a widening energy divide between households that can access opportunities to be more energy efficient and those that cannot (often renters and low-income households).

She said the open and consultative process of creating the Options Paper pointed to a model that was encouraging for future reform. “We’ve seen through this process and from what’s envisaged going forward that the ESB and other market bodies are seeing the importance of working with consumers on market design and how to go about it,” she said.

About Energy Consumers Australia

Energy Consumers Australia is the independent, national voice for residential and small business energy consumers. We enable residential and small business energy consumers to have their voices heard by the sector by working with other consumer groups to gather evidence-based research with a national perspective, distil it to key viewpoints, and feed it back to the market to influence outcomes.

Media contact / interview request: Dan Silkstone 0414622762