

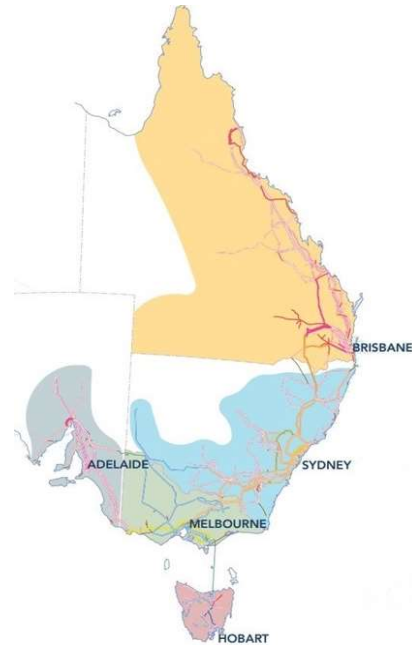
The Future of Electricity

Reflections on the 'Finkel Review'

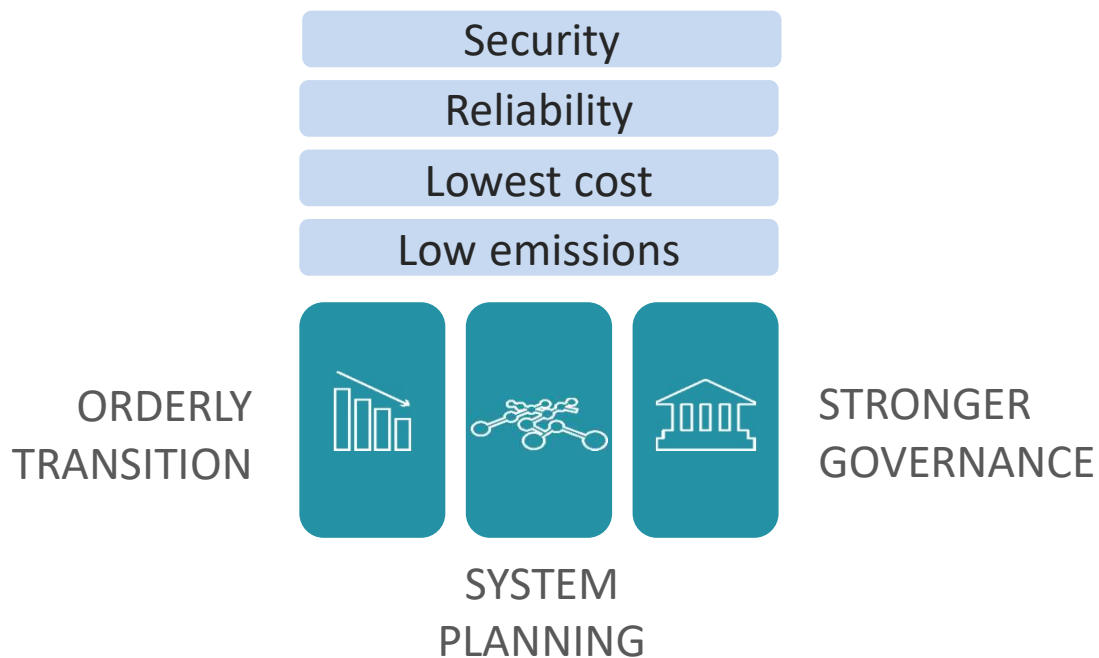
Chloe Munro

Panel Member, Independent Review into the Future Security of the National Electricity Market

Interdependent priorities in a complex system



50 recommendations: four outcomes, three pillars



Security and reliability



- Energy Security Obligations
- Strengthened risk management



- Generator Reliability Obligations
- Investor confidence

Costs and emissions



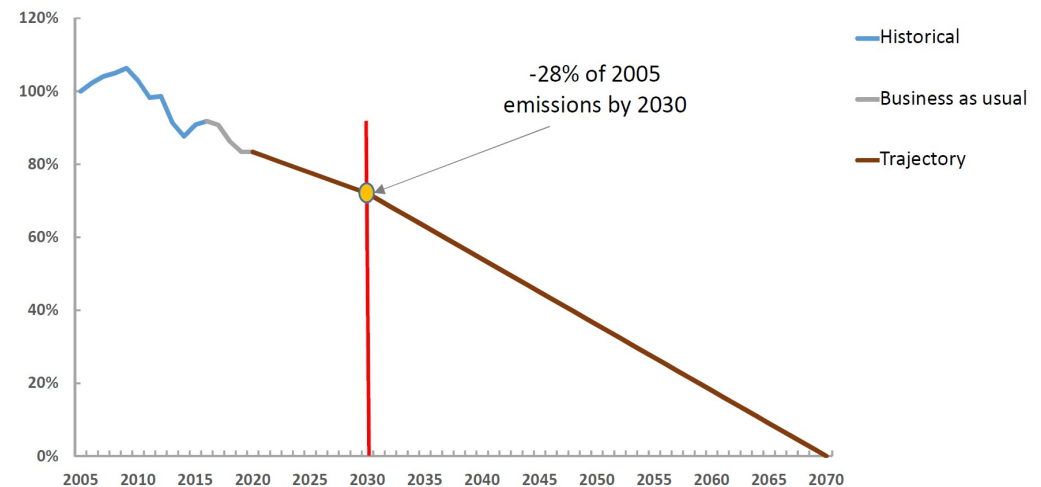
- Rewarding consumers:
 - For managing demand
 - Avoided new network costs
- Price enquiry and better information



- Policy certainty for lowest cost generation
 - Agreement by governments to a long term emissions reduction trajectory for electricity

An orderly transition

- 1) National agreement to a **trajectory**
- 2) A **mechanism** to get there
- 3) Three year notice of closure
 - provides **market-pull** signal for new generation



System planning and stronger governance

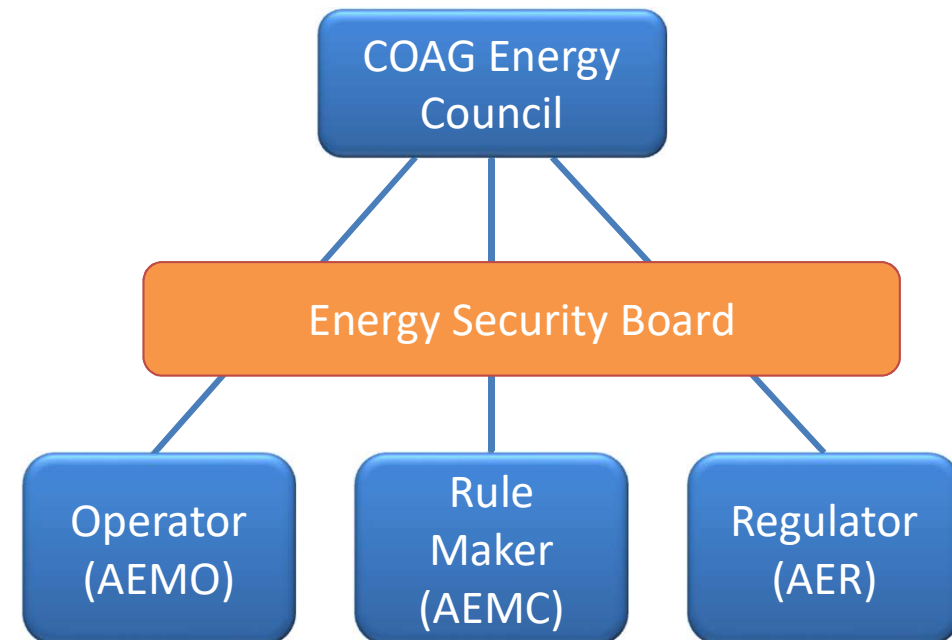
A national strategic energy plan

- Integrated grid plan

A new Energy Security Board

- Deliver the blueprint
- Annual health check
- Review after three years

Strengthened market bodies



State of play (1): recommendations

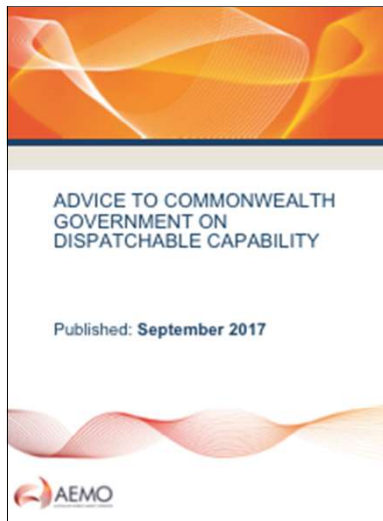


- Report presented to Council of Australian Governments leaders on 9 June 2017
- COAG Energy Council agreed **49/50** recommendations on 14 July
- Energy Security Board appointments announced 8 August
- 17 October Australian government announced National Electricity Guarantee
- To be considered at COAG Energy Council on 23 November

State of play (2): governments taking action

- NSW Energy Security Taskforce
- Powering Queensland Plan
- Our Energy Plan
 - ‘South Australian Power for South Australians’
- Tasmania
 - Energy Security Taskforce; Basslink 2; the Battery of the Nation
- Victoria - Renewable Energy Action Plan
- Australian government
 - Abolishing LMR and more funds for AER
 - Snowy 2.0 feasibility study
 - Wholesale market and retail pricing enquiries
 - Gas export controls
 - Liddell intervention
 - NEG proposal

State of play (3): AEMO/AEMC taking action



- Reliability report presented to Minister Frydenberg 4 September 2017
 - *Flexible dispatchable* capability required
 - Risk assessment by region and time period
- 1000 MW reserves procured for summer 17/18: both supply and demand side resources
 - ARENA/AEMO \$36m demand response pilots
- longer term mechanism to be developed
- Future Power System Security Program (+ AEMC System Security Market Frameworks Review)



www.environment.gov.au/energy/national-electricity-market-review