



Sent via email: DPC.ESTRegulations@sa.gov.au

26 May 2017

Feedback – South Australia's Energy Security

To Whom It May Concern:

The South Australian Government must be commended for its renewable energy leadership and in attempting to design a policy that stimulates the uptake of clean energy, whilst putting downward pressure on electricity prices and increasing the security and system stability of the state's electricity grid.

Unfortunately, the current design of the Energy Security Target scheme will not deliver such outcomes and may lead to significant perverse outcomes that are likely to undermine the state's role as an Australian and international leader in the transition to clean energy.

Key concerns include:

1. The scheme does not have any requirements that would increase competition in the wholesale market. The main existing generators eligible for participation in the scheme are the gas-fuelled generators in South Australia, particularly Torrens Island and Pelican Point. Due to the lack of competition in the South Australian electricity market, this policy could lead to a direct wealth transfer from South Australian people to gas power plant owners/suppliers, while doing nothing to lower wholesale markets – ultimately driving up people's power bills and increasing South Australia's emissions.
2. The scheme does not ensure system stability. There is no requirement for generators eligible for certificates to be generating at the time they are needed.
3. Key design elements of the Electricity Security Target appear to be based on inaccurate information and the stringent requirements that exclude new technology solutions to 2030 and beyond will restrain innovation in the state and are potential impediments to electricity system security.
4. With South Australia already at 50% solar and wind energy, a possible unintended consequence of the Energy Security Target is that it will slow the development of future wind and solar projects in the state.
5. The lack of emission criteria and the inclusion of gas in this scheme is a serious issue, gas is not clean energy. The scheme should be designed

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to reduce South Australia's reliance on gas, not extend the life of polluting gas-generators such as Torrens Island.

6. While the scheme does send a market signal to support the uptake of renewable energy technologies, the signal is weak. The Energy Security Target scheme must create a level of certainty sufficient for new renewable energy generation to secure finance.
7. Due to the fact that modelling underpinning the scheme's design has not been released, it is difficult to see how any of these concerns have been addressed. Transparency is critical to public confidence.

Whilst we support the South Australian Government's broad goals, we have serious concerns with the current policy design and struggle to see how it can deliver any of the stated aims.

Energy market reform must assist clean energy entrants. The current scheme's design and timing appears to favour the existing gas industry. Continuing to support the fossil fuel industry and encourage its expansion must stop if we are to have any chance of providing our children with a liveable climate.

Yours Sincerely,

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Director.

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