

From: Parnell, Mark
Sent: Friday, 26 May 2017 4:43 PM
To: DPC:EST Regulations
Subject: Draft Electricity (General) (Electricity Security Target) Variation Regulations 2017

Dear Minister,

Thank you for the opportunity to comment on the proposed new Energy Security Regulations.

I don't support these Regulations because I believe that they unnecessarily entrench fossil fuel generators in an economic and technical environment that is rapidly changing. I accept the need to manage the three key elements of the power system, namely reliability, affordability and environmental sustainability. Unfortunately, these Regulations are too inflexible in relation to reliability, are counter-productive in relation to affordability and downright hostile to sustainability, particularly climate outcomes.

The proposed Regulations create an effective cap on the volume of wind and solar energy that can be generated within South Australia. This will protect new and incumbent gas generators from lower cost renewables and will arrest the downwards pressure on prices that flows from lower marginal cost renewable generation.

The generation certificate price of up to 5c/kwh works at all times, rather than just during critical peaks, thus the focus is on total generation rather than generation at critical times. This rewards existing generators for essentially doing nothing more than what they currently do.

Limiting eligibility to the scheme to generators providing "real inertia" ignores the role that can be played by "synthetic inertia" such as mechanical inertia from ancillary equipment such as synchronous condensers attached to wind farms or Fast Frequency Response services. There are other solutions to managing frequency than that proposed in the Draft Regulations.

Whilst the Renewable Energy Target paid for itself through lower overall generation prices, a State Gas Target would be entirely paid for by consumers. The State Gas Target would also work against the RET, further costing consumers through higher RET certificate prices. This would add significantly to already high electricity prices.

I urge the Government to not proceed with these Regulations until it has consulted extensively with industry and with the range of other academic and regulatory bodies that are also working on solutions to energy security problems. In particular, I would urge the Government to work closely with the Clean Energy Council, which represents hundreds of companies and thousands of workers in the growing renewable energy sector. This is an industry in which South Australia leads the nation and we shouldn't put it at risk with inflexible and counter-productive Regulations.

Regards,

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