



FULL INTERVIEW: Politicians must seize the opportunity to solve energy crisis

OPINION

Australians set to get a more affordable, reliable energy system

Josh Frydenberg, The Daily Telegraph

December 29, 2017 9:30pm

 Subscriber only



AUSTRALIAN energy and climate policy over the past decade has not been pretty.

The fact that this summer South Australia and Victoria have installed expensive, -polluting diesel generators that guzzle up to 80,000 litres an hour, just to ensure the lights stay on, is indicative of the challenges we face.

But out of this vicious cycle of increased prices and reduced stability there is now hope.

The Turnbull government has this year taken unprecedented action on a number of fronts, which have begun to have an impact and the Australian Energy Market Commission (AEMC) has predicted the average Australian household electricity bill will fall over the next two years, giving some needed relief.

This year's reforms have fallen into five categories.

First, gas.

The combination of rising exports and state restrictions on development has led to a shortage of supply in the domestic market and higher prices.

To illustrate the point the Australian Energy Market Operator (AEMO) informed the Turnbull government that without corrective action there would be a gas shortfall in 2018 and 2019. This would hurt the economy and put stress on the grid.

After receiving this advice from AEMO, the Turnbull government immediately acted, reaching a deal with the gas suppliers to ensure gas is made available to Australians first before being exported. Another deal was also struck with the pipelines to ensure gas can be transported from where it is produced up north to where it is needed down south.

These actions have not only given business the certainty they need that no shortfalls will eventuate but have also resulted in 57 additional petajoules of gas coming into the domestic market that was previously earmarked for export.



📷 Minister for Environment and Energy Josh Frydenberg.

With 1 petajoule of gas enough to fuel Wollongong or Warrnambool for a whole year, that is a significant amount of new supply.

Second, networks.

Stopping the so-called “gold plating” of the poles and wires network, which occurred so dramatically when Labor was last in office, has often been talked about, but it took the Turnbull government to act.

We introduced legislation that abolished the ability of the energy companies to challenge the decision of the independent umpire, the Australian Energy Regulator (AER), as to how much money it can recoup from their customers.

If this decision to abolish the Limited Merits Review (LMR) process had been taken by previous governments it could have saved Australian families \$6.5 billion in increased power bills.

Third, retailers.

Our electricity bills are not only too high they are also too complex. We are often told we are getting a discount, but a discount on what?

Faced with a high level of complexity and difficulty in understanding exactly for what, why and how you are being charged has meant that many people are reluctant to shop around for a better deal.

In fact, 50 per cent of households have not changed retailers or contracts in the past five years, even though AEMO has found that a family could save \$1000 a year or more by doing so.

Determined to get a better outcome for families, the Prime Minister, Deputy Prime Minister, Treasurer and I sat down with the energy retailers and secured commitments to provide better, more transparent and more comparable information to customers.

Millions of households are being written to with better deals on offer and this has been backed up with rule changes through the AEMC, which will require companies to notify their customers when discount periods end.



Menu

Digital Print Edition

Rewards

Hi Kane



Australians set to get a more affordable, reliable energy system.

Fourth, the National Energy Guarantee.

For too long, government policy at both the federal and state level has failed to properly integrate energy and climate policy.

The Turnbull government sought to end that impasse by seeking the advice of the expert Energy Security Board. Made up of the heads of the AEMC, AEMO and AER and with an independent chair and deputy chair, the board recommended a new - National Energy Guarantee.

Under the guarantee, independent modelling indicates households will be \$400 a year better off and industry even more so.

With wholesale prices coming down by 23 per cent, a supermarket could save \$400,000 a year on its power bills, a chemical factory \$1.4 million and a paper manufacturer \$10 million. This is good news for jobs, growth and our ability to attract new investment.

Fifth, storage.

As the energy system changes and more renewables come online, the issue of storage becomes critical. This is why the federal government is investing in battery and pumped hydro projects right around the country, the biggest being Snowy 2.0.

legraph



Menu

Digital Print Edition

Rewards

Hi Kane



When it comes to energy policy, it's clear the lessons of the past must be learnt if Australians are to get the energy system they deserve.

The Turnbull government has a plan and this year has made significant progress in implementing it.

The result for Australians will be a more affordable, reliable energy system.

Josh Frydenberg is the federal Minister for the Environment and Energy



COMMENTS 8



Show Comments



SPONSORED STORIES

AUSTRALIA'S NEXT WORLD CLASS DESTINATION

Sponsored Content

