



THE HON JOSH FRYDENBERG MP
Minister for the Environment and Energy

MEDIA RELEASE

17 July 2018

AEMO BACKS TURNBULL GOVERNMENT'S ENERGY PLAN

The Australian Energy Market Operator's (AEMO) *Integrated System Plan for the National Electricity Market* is an important step towards ensuring our energy system is based on engineering and economics rather than ideology.

The Turnbull Government welcomes today's release of the plan, the first of its kind, which was a key recommendation of Chief Scientist Alan Finkel's Independent Review in order to achieve better system planning.

The report underlines the significant transition underway in Australia's National Electricity Market (NEM), the world's longest interconnected energy system, with an unprecedented level of disruption and distributed energy resources entering the system.

In order to maintain an affordable and reliable energy system into the future, the report underscores the importance of energy storage projects, flexible thermal capacity and greater interconnection which could result in potential savings of around \$1.2 billion over the next 20 years.

The Turnbull Government is taking a technology-neutral approach to energy policy. AEMO confirms the need to retain existing coal-fired generation as the cheapest current form of generation, finding that the continued operation of existing coal delivers the lowest cost outcome.

It endorses the Turnbull Government's focus on storage, including through major investments such as Snowy 2.0 and the Tasmanian Battery of the Nation, and makes the case for a more integrated energy system as a means to harness these projects and deliver the best outcomes for consumers.

The report lends strong support to the National Energy Guarantee which AEMO says will provide enduring policy and investment certainty, resulting in efficient investment decisions as well as removing risk premiums on investment.

Following recent advice received from the Energy Security Board and Australian Consumer and Competition Commission (ACCC), this report provides another independent expert input into the Turnbull Government's energy plan which is focussed on better consumer outcomes.

The report will be discussed at the Council of Australian Government (COAG) Energy Council meeting on 10 August.

Ends