



Australian Government

Chief Scientist

MEDIA RELEASE

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FUTURE SECURITY OF THE NATIONAL ELECTRICITY MARKET

Australia's Chief Scientist Dr Alan Finkel today presented the Preliminary Report of the National Electricity Market (NEM) Security Review to COAG Leaders in Canberra.

The Preliminary Report identifies the forces of change confronting the NEM and key questions to guide consultations on the development of a blueprint for our nation's electricity future.

"The blackout in South Australia reminds us that our national electricity grid is under pressure and in need of urgent attention," said Dr Finkel, Chair of the Review.

"We now have a once-in-a-generation opportunity to reform the electricity sector to maximise its resilience in the face of rapid market changes.

"The goal is to ensure we have a secure electricity supply, at an affordable price for all Australian consumers, while meeting our international obligations to lower emissions."

Dr Finkel said the first two months of the Review had highlighted the speed of change and the complexity of the NEM, the longest geographically connected power system in the world supplying 80 per cent of the nation's electricity

"We are feeling the force of a global shift away from traditional electricity generation technologies to greater reliance on solar and wind generated electricity, which have very different characteristics," Dr Finkel said.

Residential consumers are helping to drive the transformation as they look to take charge of their energy use and bring down their bills. Australia leads the world in solar rooftop penetration per capita, with more than 1.5 million systems installed. More than 1 million home battery storage systems are projected over the next 20 years.

"It is clear from our early consultations that investors are less confident today than they were in the past. There are solutions to the challenges we face and we will have to change the way we operate," Dr Finkel said.

Some key observations identified in the Preliminary Report include:

- The security and reliability of our electricity supply is less assured than in the past
- The rate of technological change is unprecedented and consumer expectations are shifting rapidly
- Household energy bills rose on average almost 50 per cent (inflation adjusted) in the six years to 2014
- Inadequate supply and the high cost of natural gas are contributing to electricity price rises
- There is broad enthusiasm for a coordinated national approach to energy and emissions reduction policies.

Dr Finkel acknowledged the outstanding and ongoing work of the four Review panel members, expert advisers and the members of the Review taskforce.

The Preliminary Report serves as an issues paper with a series of observations and questions to guide consultations and submissions that will inform the development of the blueprint in the Final Report.

The Preliminary Report is available at <http://www.environment.gov.au/energy/national-electricity-market-review> and includes information on making submissions until 21 February 2017. The Final Report will be presented to COAG by mid-2017.

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