



Australian Government

Chief Scientist

MEDIA RELEASE

9 JUNE 2017

Blueprint for a world-class electricity system

Australia's Chief Scientist Dr Alan Finkel has unveiled a blueprint to optimise the National Electricity Market as a world-class electricity system that can serve the needs of today and rise to the challenges of tomorrow.

Dr Finkel presented the Final Report of the *Independent Review into the Future Security of the National Electricity Market* to COAG Leaders in Hobart today.

“Our electricity system is entering an era where it must deal with changing priorities and evolving technologies. If the world around us is changing, we have to change with it. More of the same is not an option, we need to aim higher,” Dr Finkel said.

“If we adopt a strategic approach, we will have fewer local and regional problems, and can ensure that consumers pay the lowest possible prices over the long term.

“The blueprint released today presents the essential elements for a strategic plan for our electricity future. It is up to Federal, State and Territory Governments to take these recommendations, make decisions, add detail and drive it forward.”

The blueprint will deliver four key benefits for the electricity system:

- future reliability
- increased security
- rewarding consumers
- lower emissions

The report uses three pillars to achieve these outcomes: orderly transition measures, system planning and stronger governance.

Under the orderly transition pillar, the Review Panel concluded that a **Clean Energy Target** is the most effective mechanism to reduce emissions while supporting security and reliability.

Existing large electricity generators will be required to give a **three years' notice of closure**. This will signal investment opportunities for new generation and give communities time to adjust to the loss of a large employer.

The orderly transition would be underpinned by agreement from Australian, State and Territory governments to a national emissions reduction trajectory.

During the transition, security will be achieved through **obligations on new generators** to provide essential services to maintain voltage and frequency. Further, new generators will be required to guarantee supply of electricity when needed at a level determined following regional assessments by the market operator.

The second pillar of the blueprint, system planning, recommends a **system-wide grid plan** to inform network investment decisions and ensure security is preserved in each region. This would also include a list of potential priority projects to enable development of renewable energy zones.

The third pillar of stronger governance calls for a new **Energy Security Board** to drive implementation of the blueprint and deliver an annual health check on the state of the electricity system.

“The National Electricity Market is 5,000 kilometres long, spans five states and one territory and has more than 9 million metered customers. It’s essential that we get it right,” Dr Finkel said.

“I would like to acknowledge the outstanding work of the four Review panel members: Chloe Munro, Karen Moses, Mary O’Kane and Terry Effeney, and the Review taskforce over the eight months of the Review.”

The Review drew on an extensive public consultation process, with more than 390 public written submissions received and around 450 attendees at public consultation sessions held in five capital cities in early 2017. The Review also undertook more than 100 meetings with stakeholders.

The Review was announced on 7 October 2016, shortly after the black system event in South Australia in late September.

The report is available at <https://www.environment.gov.au/energy/national-electricity-market-review>.

Media inquiries for Dr Finkel: communications@chiefscientist.gov.au or 0410 029 407
For copies of the report: media@environment.gov.au or 02 6275 9880