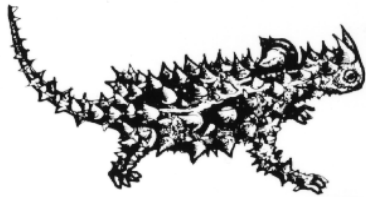


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National Energy Guarantee Consultation Paper: ALEC Submission

The Arid Lands Environment Centre (ALEC) is central Australia's peak environmental organisation that has been advocating for the protection of nature and ecologically sustainable development of the arid lands since 1980.

ALEC is engaged in the development of energy policy in the NT through supporting the development of Alice Springs as a Solar City and contributing to the NT Government Roadmap to Renewables energy policy. The transition towards low emission energy is already substantially underway, however appropriate federal leadership is needed to ensure this transition continues and accelerates. This will be essential in meeting our progressive commitments under the Paris Agreement.

In our opinion, the National Energy Guarantee fails in providing an appropriate and effective plan to transition the national energy market towards its inevitable renewable future. The paper places unnecessary importance on the issues of increasing variability and uncertainty and incorrectly states intermittent sources and a reduction in dispatchable sources are the cause. Renewable energy and storage technologies are already proving capable of stabilising grid systems during outages.

The NEG must set absolute volume requirements for renewable energy. Investment certainty will be improved by sending a price signal that considers the long term needs of the grid. The NEG needs to develop targets that provide for security and affordability beyond 2030, in this time renewables will be far more cost competitive than coal so emissions standards should be progressively decreased, approaching zero.

The plan is silent on reducing network charges and is too focused on sources. Network charges cost up to 50% of an energy bill, and this is rising. Charges are rising as consumption reduces and with the uptake of rooftop solar. The NEG will need to address this issue while maintaining the incentive to install roof top solar.

In order to seriously address affordability concerns the NEG should also include a component that investigates equity issues, that is for particular regions or communities where the cost of electricity is disproportionately high compared to income.

The majority of states have committed to 50% renewable energy, including the NT. The NEG should not interfere with states and territories delivering on this commitment. It should provide a framework to assist states in achieving those targets.

EITE should not be exempt from emissions requirements. This is an unnecessary intrusion into the market and sends a contradictory message, inconsistent with the underlying purpose of the NEG. Long term forecasts will make EITE activities less financially viable regardless of the signal within

the NEG, this is because the transition will only accelerate and there is only so long we should be exposed to risk from emission intensive industries.

Offsets are not supported, especially in the absence of a determined framework in the Paris Agreement. Offsets will mean there is no net reduction in emissions; effectively operating as a licence to pollute.

In summary, the NEG needs to:

1. Define a long term objective of transitioning towards power that is 95% carbon free.
2. Include a detailed proposal for demand management.
3. Provide a framework for evaluating market mechanisms.
4. Recognise the importance of a carbon price in encouraging emission reductions in energy production.