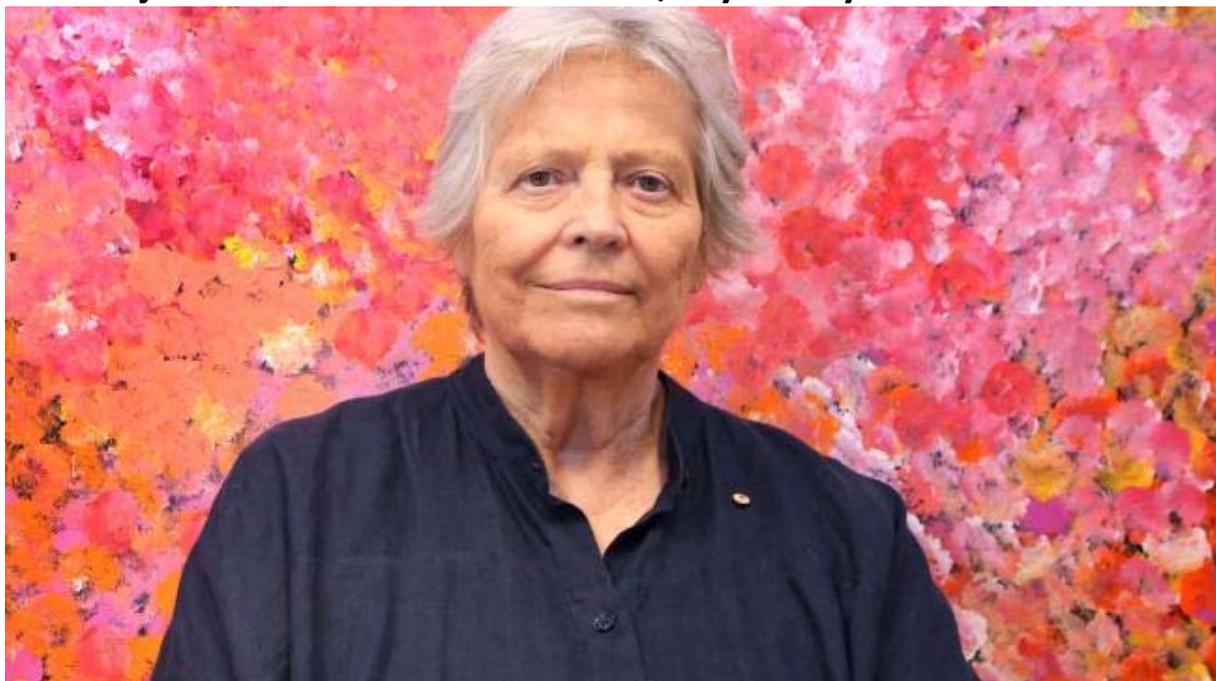


Power ‘just needed to be sorted out’, says Kerry Schott



Chairwoman of the government's new Energy Security Board Kerry Schott.
Picture: James Croucher

Andrew White, *The Australian*, 12:00AM October 21, 2017

The chairwoman of the government's new Energy Security Board has rejected claims the proposed National Energy Guarantee could raise electricity prices, arguing it provides a stronger market signal for investment in new generation capacity than previous schemes.

In an interview with *The Weekend Australian*, Kerry Schott said problems caused by South Australia's high reliance on renewables had helped focus the board on a scheme that would deal with the continuing rise of intermittent power sources such as wind and solar at a lower cost. The board devised the NEG as an alternative to regular intervention by the market operator that resulted in high-priced gas having to be fed into the market.

Dr Schott, who chairs arguably the country's most powerful female-dominated board — four of five directors are women — said she was motivated to give up other board seats for the ESB job by a sense of national duty. “I thought the politics of this have been so bad for so long that for the good of the country it needed to be fixed,” said Dr Schott, a former senior bureaucrat and investment banker. “Power is such a basic requirement, particularly in the cities, that it just needed to be sorted out.”

The NEG proposal was delivered to the government eight days ago and announced on Tuesday. It came after the board had met fortnightly since being established in early August. Other board members are Australian Energy Market Operator chief executive Audrey Zibelman, Australian Energy Regulator chairwoman Paula Conboy, Australian Energy Markets Commission chairman John Pierce and the Business Council of Australia's head of energy and climate change, Clare Savage.

Dr Schott said although the solution appeared to have been devised quickly, it had been in the mind of the main regulators for a long time and been brought into focus by South Australia's issues. South Australia derives up to 42 per cent of its power from wind and solar farms but has suffered blackouts and load shedding. The AEMO has intervened regularly, directing gas-fired generation that can cost up to \$14,000 per megawatt hour to be available for the sake of system stability when renewables generation is high. "South Australia has been a bit of a canary in the coal mine," Dr Schott said. "Once you get a high proportion of intermittent generation in the system, you have to pay much more attention to reliability."

The NEG proposed by the board and approved by the Coalition would require electricity retailers to buy a portion of their supply from ready-to-go sources such as coal, gas, hydro and batteries, as well as renewable sources such as wind and solar that help the country meet its international climate commitments.

Dr Schott defended a prediction by the board that the NEG would cut \$115 a year from bills from 2020, amid criticism that dictating a share of energy from different sources could raise prices. By providing certainty, it would encourage investment in new generating capacity and put the onus on retailers to "find the best mix of energy to meet their requirement at the lowest cost".