

NEG's final design now in the hands of state leaders



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Picture: AAP

Joe Kelly, The Australian, 12:00AM July 24, 2018

The final design of Malcolm Turnbull's proposed national energy guarantee has been delivered to the states and territories as the negotiations over the contentious policy enter their final phase.

State and territory jurisdictions received a document yesterday from the Energy Security Board containing the final version of the policy that is understood to contain a key change to the "reliability obligation" which applies to the nation's biggest electricity users.

The government's signature energy policy will need the approval of all states and territories at a Council of Australian Governments meeting next month, including the Labor governments in Victoria, Queensland and the Labor/Greens regime in the ACT.

Industry sources said yesterday the new design work was likely to remain silent on the mechanism for the setting of emissions reduction targets, which will be done through separate legislation at a federal level.

Labor state governments in Victoria and Queensland are concerned by the government's intention to legislate the targets each year for the first decade of the scheme because they fear it will lock in reductions that are too unambitious.

Left-wing activist group GetUp! has also launched a campaign to block the NEG, asking supporters to urge state governments to vote against the policy because its 26 per cent emissions reduction target is too weak.

The policy's proposed "reliability obligation" was aimed at ensuring the nation's largest power users would be held accountable for the reliability of supply during forecast shortfalls by either managing their own electricity use or by holding suitable financial contracts for electricity supply. Large energy users could "opt out" of the obligation by contracting out their liability to a retailer — an outcome that could increase costs and see businesses entering into contracts with unfavourable terms, especially if they have little experience managing financial risks around power supply.

The Australian reported last week that the board was moving to a new position to replace the old "opt-out" model with a new mechanism that would ensure the retailer would automatically manage the reliability obligation on behalf of the business, unless the business chose to "opt-in" and manage it themselves.

Several Coalition MPs, led by Tony Abbott, are concerned the government is outsourcing national energy policy to the Labor state governments.