Barton Deakin Brief: South Australian Energy Plan

8 December 2017

Last year, the South Australian Opposition Leader, Steven Marshall, released a comprehensive plan for delivering effective policies to the state by the year 2036. This plan outlined the Liberal Party’s approach to providing energy for the state.

This Barton Deakin Brief outlines the Liberal Energy Solution announced by Mr. Marshall on 10 October 2017, and its implications for South Australian households if the Liberals hold a majority in the March 2018 election.

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Liberal Energy Solution Plan

The plan has been enacted with the object of providing relief to household cost pressures that currently exist under the Weatherill Government, with a focus on more affordable electricity, reliable, renewable energy to empower consumers, better value for taxpayers, and developing stronger connections between South Australia and the National Electricity Market (NEM). The solution will deliver six key reforms:

1. A single comprehensive national energy strategy
2. Strengthening the network
3. Making storage work
4. Modernising the NEM
5. Improving retail competition and protecting vulnerable consumers
6. Rewarding consumers for managing their own electricity demand

Single National Energy Strategy

To support the development of a single national energy strategy, a Marshall Government will:
• Contribute to the development of an integrated plan
• Establish a Renewable Energy Zone between South Australia and New South Wales, supported by an interconnector between the two states, allowing SA to become a major exporter as it produces more renewable energy
• Abolish the state-based Renewable Energy Target (RET) in favour of a single national policy mechanism to provide the certainty needed by the market to invest in new generation that is more efficient and cleaner

Affordable Electricity

South Australia has experienced a 236% increase in NEM prices, based on quarterly volume weighted average prices for 2016-17. Through delivering stronger connections between South Australian and the NEM, a $200 million interconnection fund will be established to provide interconnection with other regions that can enable cheap, reliable, baseload power and also opportunities for exporting renewable energy. Consistent with the Finkel Report, providing better interconnection with the NEM will increase network stability and drive down prices.

In conjunction, $100 million has been committed to the Household Storage Subsidy Scheme, which on average, will provide a $2,500 subsidy to households for battery storage. This, in theory, would reduce peak demand and allow consumers to become buyers, sellers and producers of electricity.

The solution will, based on independent expert advice, reduce the average household power bill by $302 per year once fully implemented.

The solution also involves providing means-tested grants averaging $2,500 to facilitate the installation of batteries in 40,000 homes, allowing South Australians to choose how they buy, sell and produce electricity.

Renewable Energy Storage

$100 million will be invested to support the take-up of storage for home-based solar PV systems, along with the establishment of a $50 million Grid Scale Storage Fund to facilitate the development of new storage technologies capable of addressing the intermittency of South Australia’s electricity system, under a Marshall Government. South Australia currently has approximately 1600 MW of existing semi-scheduled and non-scheduled wind generation capacity, as well as around 770 MW of installed rooftop solar PV capacity. The SA Liberal team has identified that a challenge going forward is to find a way to ensure renewable energy storage technologies can deliver affordable and reliable energy for South Australians.

Modernising the NEM

In order to commence the anticipated shift to 5-minute settlement pricing intervals in the wholesale market, the Marshall Liberal Government would work closely with the COAG Energy Council and the AEMC, alongside a $10 million contribution towards integrating distributed generation assets into the network. The NEM now operates with a multitude of different generation technologies with varying characteristics, so a shift from 30-minute pricing period settlement times to shorter intervals will enable more efficient use of future generation assets and a wider range of demand responses from larger industrial users. The national market delivers cheaper electricity to consumers by providing a broader range of generation which can be called upon during times of peak demand, while avoiding the need to overinvest in generators that would mostly otherwise sit idle.
Protecting Vulnerable Customers

The SA Liberal Team has committed to working with the COAG Energy Council and AEMC to disallow the charging of exit fees on retail contracts, removing a disincentive that can potentially discourage consumers from switching between retailers.

There will also be collaboration with the intention to instigate change in the National EnergyRetailing Rules to require retailers to abide by minimum notice periods for changes to existing standard and market offer contracts, including at the end of fixed term contracts. This will ensure consumers have sufficient time to look for a better deal if their retailer changes the terms of their contract, before being affected by any price rises.

Further Information

Read the Barton Deakin Brief on the SA Liberal’s 2036 Plan here.

Visit the South Australian Liberal Party Website here.

To read the full Liberal Energy Solution Plan, click here.

Find the SA Liberal Energy Solution Media Release here.

For more information on Steven Marshall and his policy commitments, visit his website.

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