



BEING PREPARED FOR OLD COAL RETIREMENT

Over the next two decades Australia will replace most of its generation. Massive penetration of renewables in response to technology change, consumer choices and government policy has changed energy economics and old generators are bringing forward their retirement. We need orderly plans to exit old technologies and pave the way for new ones.

Energy Security Board recommendations to build reliability and confidence in supply



Insurance tools for governments to organise extra supply when they decide it's needed through a new strategic reserve or by triggering the current retailer reliability obligation (RRO); national investment principles.



In the medium term a **capacity mechanism** to incentivise the market to bring forward the right mix of firm, flexible and variable resources, including storage.



Generator requirements to increase transparency to the market including more information about early exit and power supply status.



ESB data strategy enabling tracking and forecasts of consumer choices, demand response, value of reliability, and better understanding of the wholesale market and changing contracting behaviours.

We're not debating the merits of coal, storage, renewables or gas. The job is to get firm and flexible supply. To achieve that we need improved information, harmonised jurisdictional schemes and orderly generator exit and entry.



We used to have about 100 generators. Quite rapidly we now have millions of units from large-scale to rooftop solar PV. We must maintain reliability, affordability and security during the transition to get maximum value out of renewables.



The long-term solution requires a stronger investment signal to lock in long-term revenue streams. Participants need sufficient incentives and confidence to invest in new capacity. Jurisdictions need assurance that participants will meet the power system's physical needs.



Principles for a common approach for all jurisdictional investment schemes will support competitive outcomes alongside current market frameworks.



A new opt-in, jurisdictional strategic reserve would give jurisdictions the option to procure any required reserves beyond the current market reliability standard if considered necessary for their region.



Extension of the existing South Australian ministerial 3 year ahead RRO trigger so it is available to all ministers if they wish to use it while further detailed design is done on a new capacity mechanism.

An additional 55 GW of projects is being proposed across Australia's east coast, almost as much generation capacity as exists today

National electricity market coal fleet will halve by 2030

Keeping lights on as the generation mix undergoes profound change

By restoring confidence that energy will be there when it is needed, we can reduce both the risks of extreme price volatility and the need for expensive government interventions.



NOW
Managing change right now: insurance tools for ministers; information; support for efficient operation of spot and contract markets.



NEXT
Providing nation-wide tools to manage risk in a targeted manner including investment principles and 12-18 month development of a new capacity mechanism.



FUTURE
We must prepare for challenges beyond 2025. Having laid foundation reforms the market will be ready for a stronger capacity mechanism.