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**MEDIA RELEASE**

26 August 2021

**A MARKET DESIGN TO DELIVER FOR CONSUMERS**

Securing the future design of the National Electricity Market (NEM) is critical to ensure Australian households, businesses and industry have affordable and reliable electricity.

Energy Ministers have today released the Energy Security Board's (ESB) final advice for a post-2025 market design for the NEM, which is a significant market reform needed to keep prices low and the lights on.

In recognition of the significant changes unfolding across Australia's energy sector, Energy Ministers tasked the ESB with providing advice on a long-term, fit-for-purpose national electricity market design.

After two years of widespread consultation and in-depth analysis, the ESB has delivered its final advice to Energy Ministers. The advice includes recommendations across four reform pathways that seek to:

- Strengthen signals for investment in dispatchable generation capacity and retain existing generation for as long as it is needed to keep the system reliable, affordable and secure;
- Deliver essential system services;
- Improve transmission and access arrangements to ensure consumers are the beneficiaries; and
- Better enable demand side participation and the integration of distributed energy resources like rooftop solar.

The post-2025 reforms recommended by the ESB will support the continued delivery of affordable and reliable power, supported by the right mix of technologies and value-for-money transmission, where it is needed.

“The Government has a clear priority to deliver reliable, secure and affordable power and we remain focused on ensuring the electricity market delivers for Australian consumers” said Minister for Energy and Emissions Reduction, Angus Taylor.

“While we have seen record levels of investment in renewable capacity, with 7,000 MW added in 2020, we have not seen investment in the dispatchable capacity needed to support renewables and ensure a reliable and affordable grid.

“This is a significant concern, with large-scale replacement of thermal generators needed over the next decade and beyond as older power stations leave the market”

“To address this, one of the ESB’s most important recommendations is for detailed design work on a capacity mechanism to create a clear, long-term signal to invest in dispatchable generation in the future.”

“A capacity mechanism can help keep dispatchable generators from shutting down too early, so that consumers don’t face price spikes like we saw when Hazelwood closed in 2017.”

“Taking action now is critical and we need a coordinated approach to market design to keep the lights on and costs down.”

“The commitment of all energy Ministers to the post 2025 process recognises the importance of working together to progress a market design that delivers for Australians.”

Energy Ministers will meet in September to agree the final package of reforms which will be provided to National Cabinet for consideration in October.