

9 June 2021

Dr Kerry Schott AO
Chair
Energy Security Board
SYDNEY NSW 2000

Sent via email: info@esb.org.au

Response to P2025 Market Design Options Consultation Paper

Dear Dr Schott

The Business Council welcomes the opportunity to provide feedback on the Energy Security Board's (ESB) Post 2025 Market Design Options — A paper for consultation – Part A.

Achieving a fit-for-purpose market design for the National Electricity Market (NEM) is vitally important to our membership, which includes energy businesses and energy users.

The energy market requires substantial and ongoing capital investment to maintain and grow its capacity to meet the energy needs of Australian households and businesses. However, the uncertainty associated with investing in the energy market remains high due to climate change and related policy responses, developments in technology, and emerging gaps in markets for energy services.

We commend the ESB's efforts in designing and prioritising a set of shortlisted options to essentially address the influx of renewables and retirement of coal generation which are pushing the existing market design beyond its technical limits. The rate of change in the NEM is already exceeding the 'step change' scenario forecast in the Integrated System Plan in 2020 — making this work ever more critical and urgent.

We note that the ESB is preparing its final advice to enable "the critical decisions needed for an affordable, reliable and secure electricity system that can ultimately operate at net zero". We also note that the ESB's approach accommodates:

- different jurisdictional schemes and priorities;
- the need for urgent reforms to be implemented immediately (if not already underway);
- the need for some reforms to be implemented in the near-term with certainty; and
- the need for some reforms to possibly be implemented in the longer term (but only if they are required).

It is our strong contention that the ESB's final package of recommendations will be most useful and valuable if it embodies a nationally integrated approach to governance of our energy market, wherever

possible — notwithstanding the realities of the energy market's somewhat fragmented reforms and governance structures in recent years.

Please don't hesitate to contact me should you wish to discuss further.

Yours sincerely

A handwritten signature in black ink, appearing to read 'JW', followed by a horizontal line and a period.

Jessica Wilson
Executive Director, Policy
Business Council of Australia