

Dr Kerry Schott AO  
Energy Security Board

8<sup>th</sup> March 2019

Submitted via e-mail to: [info@esb.org.au](mailto:info@esb.org.au)

Dear Dr Schott,

### Strategic Energy Plan Draft Metrics Consultation Paper

The Australian Energy Council (the “**Energy Council**”) welcomes the opportunity to make a submission in response to the Energy Security Board’s (“**ESB**’s”) *Strategic Energy Plan Draft Metrics Consultation Paper*.

The Energy Council is the industry body representing 23 electricity and downstream natural gas businesses operating in the competitive wholesale and retail energy markets. These businesses collectively generate the overwhelming majority of electricity in Australia, sell gas and electricity to over ten million homes and businesses, and are major investors in renewable energy generation.

#### Introduction

The Energy Council supports the development of metrics to measure progress against the ESB’s Strategic Plan, and is pleased that discussion of metrics has been separated from the determination of appropriate targets, given external factors may affect metrics from time to time and not be a true indicator of whether actions are working appropriately.

To streamline feedback, comments in the table below only address the metrics for which the Energy Council has a view.

#### Discussion

Draft Metric	Comment
% customers on best three market offers by retailer	The collation of this data may prove problematic as it is sensitive to customer profiles. The AEC suggests that customer churn between products may be a better indicator of engagement.
# unique hits on government supported energy comparison websites and number of visitors that complete a search plan	The AEC regards this metric as not being reflective of customer engagement, and suggests a measure which reports the conversion rate between quotations on retailers’ websites and actual signings may be better.
% public housing with access to energy efficiency, solar and/or storage programs	Although vulnerable customers are often in public housing, a significant proportion are also in subsidised private rental properties, therefore the utility of this measure may be limited.
Number, duration & reason for electricity system interventions by AEMO in each NEM region	While interventions can occur to return the power system to a secure operating state, many interventions occur in anticipation of possible issues as a preventative measure. Therefore the AEC suggests that including this measure is limited in its utility and does not fully address the required outcome.
Hours high pressure gas pipeline not operational (available NSW only)	The AEC supports the Gas Bulletin Board being modified to report data for all pipelines.
<ul style="list-style-type: none"> <li>Electricity and gas sector emissions as a proportion of national emissions.</li> <li>Compare sectoral emission reduction with economy wide target/s</li> </ul>	While overall sectoral emissions are an important measure, emissions intensity may be a better indicator, as it removes volume variations which may be influenced by external factors (e.g. electric vehicles).

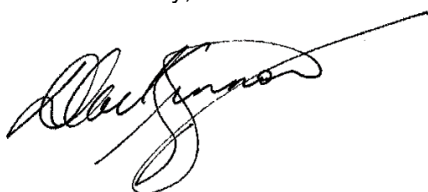
Draft Metric	Comment
Amount of RERT capacity procured by type (long notice vs medium notice vs short notice) and number of times deployed	RERT capacity procured is highly dependent upon forecast accuracy and its use may be reflective of market design shortcomings rather than reliability issues, therefore the AEC believes this measure should be removed.
Mean percentage error of AEMO annual operational consumption forecast vs actual	Forecasting accuracy is very important to the safe, reliable & efficient operation of the power system, however annual forecasts are less relevant. Instead the AEC recommends the ESB considers shorter measures, such as intraday peak forecasts by region versus actual demand.
% announced closures by scheduled and semi-scheduled generators made with at least three years' notice.	The AEC believes that with limited numbers of closures expected over the next 10-20 years, this measure will not be particularly helpful and should be removed.
Investment in domestic gas resources and forecast gas supply adequacy	The AEC suggests the ESB extract data from the Long-term Supply Adequacy chapter within AEMO's Gas Statement of Opportunities to provide a suitable metric.
Extent to which competition in the wholesale electricity and gas markets is identified as an issue by the AER.	The AEC agrees it is important to be able to assess whether markets are open & competitive, but observes that any measure proposed will be subjective and difficult to report consistently. Appropriate care and evidence-based reporting would be necessary with this proposed metric.
Coal costs competitive with international spot price less shipping	While black coal generation is a significant proportion of the NEM's supply, it is skewed towards two regions, and as plants retire its proportion will reduce. Such a specific measure may not be appropriate.
Proportion of energy and system security services provided by DR and DER	The market should be allowed to provide the most efficient means to supply the necessary energy and related services. The AEC is concerned that including this measure will result in bias towards particular solutions and reduce technological neutrality.
Number of projects and amount of funding for RD&D by governments	The AEC doesn't see the need for this measure to be included.
Investment solutions are optimal across all resources	The AEC suggests including a measure which reports on the capital efficiency of the network projects proposed.
Network productivity, utilisation, and reliability	The breadth of this measure due to the different network segments is substantial, and may not result in simple, meaningful metrics. The AEC suggests this metric be removed.

## Conclusion

In conclusion, the Energy Council believes that by adjusting some of the measures proposed, and deleting others, as suggested in the table above, the *Health of the NEM* report can provide more value to governments, regulators and stakeholders.

Any questions about this submission should be addressed to the writer, by e-mail to [Duncan.MacKinnon@energycouncil.com.au](mailto:Duncan.MacKinnon@energycouncil.com.au) or by telephone on (03) 9205 3103.

Yours sincerely,



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