

Simple Steps to Start Fixing Australia's Energy Market Before Next Summer

AN OPEN LETTER

To Prime Minister Malcolm Turnbull

Governments and regulators should immediately make simple changes to the system for buying and selling energy. The right reforms will address all elements of the 'energy trilemma': security, cost and emissions.

There are practical solutions that can be implemented this year to drive new market rules and energy efficiency policies:

- **Demand peaks** can be reduced by changing market rules to allow very large consumers such as smelters to profit from demand management, such as via the proposed five minute settlement rule.
- **Proven software systems** used in at least 12 countries around the world can aggregate large numbers of commercial and industrial consumers into 'virtual peak plants' that will provide safe and scheduled reductions in load, on commercially competitive terms.
- **The reliability of electricity frequency** in our grid is maintained by 'ancillary services'. Our system needs new markets for additional services to reflect changing demands and technology.

The COAG Energy Council should expedite these and other changes necessary to modernise our energy system.

A key problem is that while technology and markets are changing quickly, changes to the system take years under current arrangements. COAG should review the role and performance of the Australian Energy Market Commission (AEMC) which has responsibility for energy market reform.

Market solutions can be implemented to rapidly increase reliability, lower prices and help our energy system adapt to future challenges.

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