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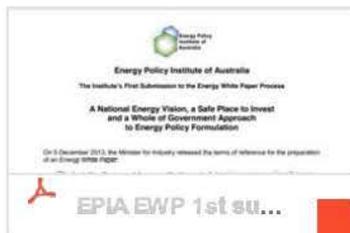
Given the context of your current inquiry into gas supply, we thought it may be helpful for you to have a copy of our first submission to the EWP process.

Best regards

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The Energy Policy Institute of Australia is an independent, apolitical, technology-neutral energy policy body. The Institute advocates a secure investment climate to ensure that Australia remains internationally competitive.

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Energy Policy Institute of Australia

The Institute's First Submission to the Energy White Paper Process

A National Energy Vision, a Safe Place to Invest and a Whole of Government Approach to Energy Policy Formulation

On 5 December 2013, the Minister for Industry released the terms of reference for the preparation of an Energy White Paper:

"The Australian Government has committed to a set of signature economy-wide reforms to grow the economy while addressing rising business and household costs. The Australian Government is committed to working closely with industry and state and territory governments in the development of an integrated, coherent national energy policy."

The Energy Policy Institute of Australia is an independent, apolitical, technology-neutral energy policy body. The Institute welcomes the Australian Government's commitment to reforms to grow the economy and its recognition of the need to develop an integrated, coherent energy policy, which the Institute agrees is of crucial importance to Australia's prosperity.

The Institute outlines below its first, preliminary submission to the Energy White Paper process.

1. The Imperative of a Nationally Agreed Energy Vision

A nationally agreed energy vision must be the starting point and the central, indispensable requirement of an integrated, coherent national energy policy.

Four goals should be embraced by the national energy vision:

- one, that Australia **maintains a resilient energy system, providing all Australian consumers with a reliable and affordable supply of energy and enabling the industry to continue to function and prosper in a range of policy and economic scenarios;**
- two, that Australia **grows its export earnings**, providing a reliable and competitive supply of energy to its key customers around the world;
- three, that Australia **moves progressively towards a low-carbon society**, in tandem with its key trading partners, without jeopardising Australia's international competitiveness; and
- four, that Australia **becomes an innovative country**, pursuing energy efficiency and energy innovation in collaboration with its trading partners and across an open and unobstructed portfolio of energy technologies.

2. The Role of Government: Providing a Safe Place to Invest and Adhering to Economically Efficient Policy Measures

In the view of the Energy Policy Institute, it is to be expected of government that it will satisfy two fundamental prerequisites to enable a national energy vision to be pursued:

- first, that government will provide a safe, secure and conducive place to invest; and
- secondly, that government will adhere unswervingly to policy measures that are predictable, transparent, enduring and economically efficient and to measures that do not create unnecessary regulatory burdens.

3. A Realistic International Context for Policy Setting

Individual countries are no longer able to set their energy and climate policies independently of each other. Energy and climate policies do not need to be the same in every country but they do need to be set in a realistic international context and, amongst trading partners, they need to be based on a shared vision and technology strategy.

As the Energy Policy Institute of Australia has consistently advocated to the Australian government:

“International energy and climate policy development may be founded on the shared vision of a sustainable future that first brought the UNFCCC parties together in 1992. However, global emission reduction targets must be integrated with a low-emission technology strategy. Put simply, international agreements must not only set targets: they must initiate a strategy to deliver the abatement required by the targets. Furthermore, the targets themselves should be informed by a rigorous and objective analysis of the technology development and commercialisation pathway to ensure that the targets are achievable at acceptable cost. Then international agreements must be equitable in order to have the necessary longevity.”¹

Commercialisation pathways need to be explicitly communicated to the public as part of an agreed monitoring and review process. See further section 6 of this submission.

4. A Whole of Government Approach and the Relevance of Horizontal and Vertical Policy Dimensions

In formulating an integrated national energy policy, a whole of government approach is essential, for which there are both horizontal and vertical dimensions.

An integrated energy policy needs to be calibrated to the optimal extent with environmental policy, industry policy, technology innovation policy and economic policy. This is the horizontal dimension of energy policy integration.

¹ “Energy Policy and Climate Policy Must Be Integrated”, Energy Policy Institute of Australia, August 2009, www.energypolicyinstitute.com.au/images/stories/pdfs/energy_alliance_policy_paper_aug09.pdf.

An integrated energy policy also needs to be calibrated to the optimal extent with foreign policy and trade policy and with all levels of government. Nationally, this includes Commonwealth, State, Territory and local governments. This is the vertical dimension of energy policy integration.

5. Transparency and the Process of Policy Formulation

The formulation of an integrated energy policy cannot succeed behind closed doors.

Formulation of a national energy vision, and of an integrated energy policy to pursue it, should be undertaken in an apolitical, transparent and participative manner, involving industry, the broad community and all key stakeholders.

Transparency should extend as far as possible to government itself.

All departments and agencies of government at Commonwealth, State, Territory and local levels should be encouraged to make submissions to the policy review process. All submissions should be on the public record except to the extent they contain confidential information that may be contrary to the national interest or may be detrimental to legitimate commercial interests.

6. Policy Monitoring and Review

Advancing towards, and regularly monitoring and reviewing, the national energy vision and an integrated energy policy, once formulated and agreed, requires an institutional process. Again, this should be undertaken in an apolitical, transparent and participative manner, involving industry, the community and key stakeholders.

The scale, dimensions and ramifications of the national and global energy challenge create an imperative to nurture community understanding and an informed community discourse on the challenges of providing a resilient energy system, a system that delivers a reliable and affordable supply of energy. Public engagement is necessary to facilitate and underpin the knowledge advancement required to address the national and global energy challenge and is a necessary ingredient of political bipartisanship.

If the Standing Council on Energy and Resources of the Coalition of Australian Governments is unwilling, or is not equipped, to undertake an institutional monitoring and review process of the type that is required to accommodate the concerns of industry, the community and key stakeholders, consideration ought to be given to the establishment of a National Energy Commission for the purpose.

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9 December 2013