

TREASURER TOM KOUTSANTONIS

Thursday, 22 June 2017

Our Energy Plan implementation on track

The State Budget fully funds the State Government's \$550 million energy plan.

Implementation of the plan, titled South Australian power for South Australians, is progressing, with a number of measures reaching key milestone in recent weeks.

Importantly, the new grid-scale battery and temporary generation outlined in the plan are on track to be in place by summer, which Australian Energy Market Operator (AEMO) indicated in a recent report will dramatically improve system security in South Australia.

Australia's Largest Battery

In total 90 Expressions of Interest were received from Australia and around the world. Submissions have been evaluated and shortlisted. The final stages of the procurement process are underway and we are on track to have the battery operating by 1 December 2017.

Local Powers over the National Market

The new powers are now in effect, meaning the Minister for Energy can take action during electricity supply emergencies to protect South Australia's energy security.

State-owned gas power plant

In total 31 Expressions of Interest were received and the submissions have been shortlisted. More detailed responses from shortlisted proponents are now being evaluated.

New generation for more competition

The submissions received through the tender process have been shortlisted, and detailed offers from shortlisted proponents are now being evaluated.

South Australian Gas Incentives

Five applicants benefited from the first round of the program and are expected to generate \$174 million in new investment in South Australia. Applications for the second \$24 million round close in August this year.

Energy Security Target

Consultation on the Draft Energy Security Target (EST) regulations closed on 26 May 2017. The EST will come into operation on 1 January 2018. This reflects feedback in the submission process, provides more preparation time for the

introduction of the EST and will enable us to consider any changes in the national market as a result the release of the Finkel Review.

Background

In recent years, a lack of certainty from the Federal Government on climate and energy policy has led to a strike on private sector investment in new electricity generation.

This has left the remaining small number of power companies with extraordinary control over the market, pursuing profits at the expense of reliable, affordable power.

The State Government supports Chief Scientist Alan Finkel's recommendation for a market mechanism that drives investment in new generation in the National Electricity Market, but it is still not clear whether the Federal Government will act on the recommendation.

Power security has also become an increasing concern. Most of South Australia's recent blackouts - including the state-wide blackout on September 28 last year and the post-Christmas outage - have been caused by violent storms damaging infrastructure.

However, in December South Australian homes lost power because of a fault on the Victorian side of the border. A subsequent load shedding event in February was entirely avoidable, with AEMO and SA Power Networks unnecessarily switching off power to 90,000 South Australian customers. The State Government could not wait any longer for action from the Federal Government to fix the broken National Electricity Market.

Quotes attributable to Treasurer Tom Koutsantonis

This is a significant investment we had to make in the interest of South Australian households and businesses.

Every expert and industry group in the country - including the Chief Scientist - has told the Federal Government what is required to fix the broken National Electricity Market, but Malcolm Turnbull has refused to listen.

In February, the national operator ordered power be cut off to South Australian customers when they could have turned available generators on.

We couldn't wait any longer - this energy plan is about taking back control of our energy future. The plan is already working. In recent months, global companies have turned their attention to South Australia as they seek to construct our new generator and grid-scale battery.

We've also seen AGL announce it will build a new generator at Torrens Island, and AEMO, in its latest report under new CEO Audrey Zibelman, has shown our energy plan will greatly improve the security of electricity supply in South Australia.

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