

Improving the efficiency of Australia's markets

When markets work efficiently all Australians benefit. Energy is a prime example — gains from more efficient energy markets could be worth billions of dollars.

Set and forget is just not an option.

Fixing the energy mess

Australia's electricity market is in transition and needs clarity on how governments propose to reduce emissions and maintain an efficient level of reliability. Resolving policy uncertainty will lower electricity prices by improving investment conditions for the sector.

The key drivers of the transition have been:

- Falling costs of renewable and storage technologies,
- Falling demand and high uptake of rooftop solar,
- Retirement of ageing coal generation plants, and
- Our international commitment to reduce emissions.

The Productivity Commission (PC) recommends that policies clearly communicate the trade-off between different policy objectives.

What is the National Energy Guarantee?

The Government has committed to working with the states and territories and the Energy Security Board to develop the National Energy Guarantee.

As the Commission suggested with great foresight, this is a plan recommended by the Energy Security Board, an independent body of experts formed out of the Finkel Review.

The Guarantee will require energy retailers to supply their customers with a system that is:

- reliable by having access to enough dispatchable power, and
- meets our international emissions reduction commitments.

This policy creates clear rules for energy retailers on how they purchase their electricity by requiring energy retailers across the National Electricity Market to deliver reliable and lower emissions energy generation each year

Initial analysis by the independent Energy Security Board has found prices could fall by \$100 - \$115 a year.

How can we make the most of our innovation potential?

To drive innovation, we need to ensure that our regulatory frameworks remain competitive, our labour force is adaptable and skilled, that businesses have sufficient access to capital, and that we foster collaboration and harness the power of data as an enabler of innovation.

The Government's ongoing investment in innovation, science and research will help drive productivity growth, ensuring that Australia can take full advantage of new economic opportunities.

The Government is well advanced in implementing policies that support the PC's recommendations to create an environment more conducive to innovation and giving consumers rights over their data.

Find out more visit:

www.treasury.gov.au/pc-review