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31 July 2018

The Hon. Guy Barnett MP
The Hon. Lily D'Ambrosio
The Hon. Don Harwin MLC
The Hon. Daniel van Holst Pellekaan MP
The Hon. Dr Anthony Lynham MP
Mr Shane Rattenbury MLA

23 Energy Researchers from 11 Institutions Call for Full Release of National Energy Guarantee Modelling

We, the undersigned, representing many decades of combined experience with energy markets and energy policy, are concerned that the carbon accounting and the reliability mechanisms of the NEG are poorly understood and have not received adequate review by Australia's community of energy researchers.

The proposed National Energy Guarantee is the most significant change to the National Electricity Market since the implementation of the National Electricity Laws in 1996.

While there is much discussion in the public sphere about the adequacy of the emissions targets, we recognise that matter is not within the domain of the CoAG Energy Council. This letter is concerned solely with the modelling of the twin mechanisms intended to address the trilemma of reduced emissions, high reliability and low energy costs.

The Energy Security Board's Final Decision Paper refers to an ACIL Allen study which purports to validate the NEG design. The paper provides insufficient detail on the assumptions, methodology and results of the study and indeed it is difficult to reconcile the claims with our own understanding of energy market dynamics and the Australian Energy Market Operator's Integrated System Plan.

We call on the Ministers to request the ESB to release the ACIL Allen modelling in full, including all assumptions that have a bearing on the modelling of price effects, and to provide access to the modelling team, so that we may have the opportunity to peer review the work.

Sincerely,

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