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ENERGY CRISIS: SUPPORT THE VULNERABLE, BOOST ENERGY EFFICIENCY AND SPEED TRANSITION TO CLEAN ENERGY

A broad coalition of peak bodies today called on the Wednesday crisis meeting of Australia's energy ministers to work together both on immediate responses to calm chaos and on longer term measures to moderate energy prices and cut emissions by improving supply and lifting demand-side efficiency, energy management and fuel switching.

The coalition represents businesses of all sizes, consumer advocates, the community sector, environmental advocates, farmers, investors, the property sector, professional bodies, researchers and Australia's energy and energy management sectors.

Wholesale electricity and gas prices and futures are soaring to unprecedented levels that threaten intense and lasting pain for households and businesses. This rapid rise is also causing chaos among smaller energy retailers, adding to immediate risks.

Recently announced increases to the electricity Default Market Offer are just the start of the energy price rises facing households. Meanwhile those businesses unable to pass on their costs fear mounting cost pressures will threaten their viability, and some with immediate exposure have already been forced to temporarily shut down operations as prices spike.

There are some short term causes at play, including the unavailability of ageing and unreliable coal generators and the onset of winter peak demand for heating. However, high international prices for coal and gas are the biggest factor and they are likely to be sustained for years to come.

We are encouraged by national Climate Change and Energy Minister Chris Bowen's early push to bring his State and Territory counterparts together this week. The response they forge jointly should be collaborative, balanced and staged.

A collaborative response between the Commonwealth, States and energy stakeholders is needed because no one player holds all the powers, resources and information to resolve this crisis. Industry and community leaders can bring expertise, urgency and goodwill to the table and we ask energy ministers to work with us. Working together and being transparent will give us all the best chance of success.

A balanced response will address both the supply and the demand sides of this crisis. Energy supply is essential, including behind-the-meter solar and storage accessible to all. But final energy costs depend not just on the price of energy, but how much energy households and businesses have to use to meet their needs. A long-standing lack of investment in energy efficiency, energy management and fuel switching has left Australians more vulnerable both to high prices and to extreme weather. Demand-side investments don't just pay off through lower individual bills. They deliver improved health and higher energy productivity, reduce the need for new supply-side investment, and help us reach our emissions goals.

A staged response is essential because this crisis includes both acute price pain and the likelihood of chronic high prices thereafter. Only a handful of measures are likely to help in the short term and they are unlikely to be sustainable. Accelerating our clean energy transition in a fair and inclusive way will ultimately deliver durable help, but while that requires immediate action it will largely impact the medium term. A faster buildout of large-scale renewables and transmission makes all the sense in the world, as does a speedier move from natural gas to alternatives from electrification (like efficient reverse cycle air conditioning in households) to biogas (like captured landfill gas running brick kilns) to hydrogen (like green hydrogen for essential chemical products) as appropriate in different contexts. Actually making this acceleration work will be complex, requiring reforms and coordination across multiple jurisdictions and both public and private investments.

While all short term options should be evaluated, financial support to the most vulnerable energy users appears essential. Priority should be given to:

- Low-income households, including through increasing income support payments and more adequate and responsive energy concessions; and
- Those businesses who are coming out of contract or exposed to spot energy prices; unable to pass increased costs on; and sufficiently energy intensive for these cost increases to threaten business continuity.

Broader reforms such as a lift in income support payments would reduce the need for emergency energy support payments.

Without urgent action, this winter will be a difficult one for energy users and the next few years may not be much easier. We are confident, however, that Australia's governments can alleviate this pain and build a stronger, more affordable and clean future if they work together and draw on the expertise and goodwill around them.

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