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## National Energy Guarantee

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### National Energy Guarantee

In October 2017 the Energy Security Board (ESB) provided the COAG Energy Council with advice on changes to the National Electricity Market (NEM) and legislative framework. The proposed national energy guarantee (Guarantee) aims to support the provision of reliable, secure and affordable electricity with a focus on ensuring:

- the reliability of the system is maintained
- electricity sector emissions reductions needed to meet Australia's international commitments are achieved
- the above objectives are met at the lowest overall costs.

The Guarantee is a way to encourage new investment in clean and low emissions technologies while allowing the electricity system to continue to operate reliably.

To deliver this transition, the Guarantee requires retailers to contract with or invest in generators or demand response to meet a minimum level of dispatchable 'on demand' electricity where there is an identified gap. Retailers must also keep their emissions below an agreed level.

The Guarantee is designed to integrate energy and emissions policy – both energy and emissions targets are reflected in a single energy price. That energy price will signal how much electricity the market needs and when it is needed, while also reflecting the cost of meeting Australia's emissions targets.

### *Request for further analysis on the Guarantee*

In October 2017 the ESB was asked by the Commonwealth government to provide a report, including modelling analysis, on the Guarantee. This work, led by the Australian Energy Market Commission, was an input to discussions at the COAG Energy Council meeting in November 2017. On 10 November 2017 the Energy Security Board held a live webinar on the NEG. A recording of the webinar (approximately 45 minutes) is now available [here](#).

### *Consultation paper for draft design of the Guarantee*

On 24 November 2017, the COAG Energy Council agreed that the Energy Security Board should provide further advice on the Guarantee. This is to be provided in April 2018, after broad consultation. On 15 February 2018 the ESB published a consultation paper for the draft design of the Guarantee. This consultation paper has been prepared by the ESB to facilitate public consultation on the high-level design of the proposed Guarantee and to seek stakeholder submissions. More information on the consultation paper can be found [here](#).

This consultation process has now closed. Whilst the ESB would endeavour to accommodate submissions received after 8 March 2018, please note that the ESB has limited time for consideration of submissions in order to provide advice to the COAG Energy Council between the submission date of 8 March 2018 and April 2018.

All Submissions, subject to any claims of confidentiality, have been published [here](#).

### **Initial design of the Guarantee**

The ESB presented a high level design of the Guarantee to the COAG Energy Council on 20 April 2018 following a two month consultation process and the review of more than 150 submissions received from a broad range of groups and individuals.

The ESB thanks all those who have taken the time to submit high quality viewpoints based on expertise and operational experience, and now look forward to gaining Ministerial insights on this design.

It is anticipated that the ESB will undertake further consultation from May to July 2018 before proceeding with the final design of the Guarantee.

More information on the ESB can be found [here](#).

## FILES

File name	Size
<a href="#">Energy Security Board advice on the National Energy Guarantee.pdf</a>	150.17 KB
<a href="#">Energy Security Board Overview of the National Energy Guarantee.pdf</a>	145.48 KB
<a href="#">Infographic - Different Deals with Different Generators.pdf</a>	922.64 KB

## CATEGORIES

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## COUNCIL PRIORITY ISSUE

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The COAG Energy Council provides a forum for collaboration on developing an integrated and coherent national energy policy.

In December 2013, the Council of Australian Governments (COAG) established the Energy Council as part of a decision to streamline the COAG council system and refocus it on COAG's priorities.