

28 November 2018

Dr Kerry Schott
Chair
Energy Security Board
info@esb.org.au

Dear Kerry

Re: Consultation on proposed Strategic Energy Plan metrics

Stanwell welcomes the opportunity to comment on the proposed performance metrics for the Strategic Energy Plan (the Plan). Stanwell has considered the metrics in the context of an industry in transition and has also evaluated the metrics in the context of the Energy Security Board's (ESB) long term reform task¹. It would be helpful if the ESB could specify the context of the metrics in terms of the transition pathway to the longer term reform.

Stanwell agrees with the high-level objectives proposed in the Plan but would find it helpful if the ESB should develop some guiding principles to verify the consistency and efficacy of any proposed metrics. Some potential principles include:

1. **National Electricity Objective** – each metric is implicitly underpinned by the NEO.
2. **Ownership/appropriateness** – that the metrics are appropriate to the entity accountable, e.g. COAG Energy Council, and actions achievable by that entity.
3. **Measurability** – clear ability to be defined either qualitatively or quantitatively, with information sources identified. Actions need to acknowledge any time-lag to observe measureable outcomes.
4. **Achievability** - long-term metrics need to be acknowledged so that performance tracking is appropriate, and doesn't result in unnecessary intervention. It should be appreciated that not all metrics will improve year on year and a decrease does not warrant direct action.
5. **Neutrality** – solutions, technologies or new markets should not be specified within the metrics unless already proven to be addressing a clear long-term problem.
6. **Certainty** – stable metrics that provide investment certainty.
7. **Relevance** – comparisons to international standards should only be considered if the context is appropriate. The National Electricity Market is unique and international comparisons may not reflect the best baseline.
8. **Interrelationships** – any co-dependence or relationships between the metrics needs to be clearly understood and articulated.
9. **Additionality** – metrics should be additional to actions within the rules.

¹ At the October 2018 meeting, the COAG Energy Council requested the ESB to provide advice on a long-term, fit-for-purpose market framework to support reliability that could apply from the mid 2020s.



Transformation of the energy industry is complex and not all aspects will progress at the same pace. Flexibility must be accommodated in measuring progress and, just as importantly, expectations managed through the transitional phases. Stanwell appreciates the difficulty in developing metrics and would welcome the opportunity to work with the ESB to develop appropriate metrics.

Thank you for considering Stanwell's submission on the Strategic Energy Plan metrics. Stanwell welcomes the opportunity to further discuss this submission. Please contact Alison Demaria on (07) 3228 4588.

Regards

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