

## ***Key Goals and Principles of a Post-COVID-19 National Energy Plan***

***The Energy Policy Institute of Australia (EPIA) is an apolitical, technology-neutral energy policy body.***

***EPIA warmly supports the Government’s position that economic recovery post-COVID-19 should be pursued by a pro-growth agenda. EPIA maintains that energy is an indispensable component of such an agenda.***

***EPIA posits that, over the next decade, Australia should have a National Energy Plan to move towards a pro-growth, more resilient, diverse, decarbonised, innovative and productive energy sector. This is the first edition of EPIA’s Key Goals and Principles of a Post-COVID-19 National Energy Plan.***

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### **BACKGROUND NOTE**

*In March 2020, the Prime Minister announced the establishment of a National COVID-19 Coordination Commission (NCCC) to coordinate advice to the Australian Government on actions to anticipate and mitigate the economic and social effects of the global coronavirus pandemic. This first edition of Key Goals and Principles of a National Energy Plan is EPIA’s response to the Prime Minister’s announcement.*

*In May 2020, the Government also launched a Technology Investment Roadmap process, which is to be reviewed annually. The Roadmap Discussion Paper noted that the Government is the nation’s largest early-stage technology investor. EPIA agrees with the Government that it should take a strategic approach to developing technology partnerships with the private sector and research institutions as well as pursuing close collaboration internationally.*

*This first edition of the Key Goals and Principles of a National Energy Plan stands separate and unaffected by the Government’s Technology Roadmap process.*

## *The Key Goals of a National Energy Plan:*

### *Growth - Resilience – Diversification - Decarbonisation – Innovation – Productivity*

#### Goal 1: Economic growth via a resilient and diverse energy system

For the next decade, for Australia to recover from the COVID-19 economic crisis, the paramount goal of a National Energy Plan should be to pursue a pro-growth agenda, making its energy system more resilient, providing investors with a safe place to invest and ensuring the security and affordability of supply of all forms of energy to the Australian community and its export customers.

Pursuing the widest practicable diversification of sources, supply chains and markets for both imports and exports will be vital.

#### Goal 2: Decarbonisation and technological innovation

Australia should strongly support global efforts to pursue the aspirational goal of global net-zero emissions by 2050. Australia should identify and pursue innovative new technologies and ways of doing things. Australia should leverage its strengths as an open, well-resourced economy without endangering or impairing the economy or the resilience of the energy system.

#### Goal 3: Enhanced productivity

Enhanced energy productivity will boost Australia's competitiveness, help consumers manage their energy costs and reduce Australia's greenhouse gas emissions. Energy productivity must be enhanced in a way that increases our total factor productivity and does not compromise it. COAG's 2015-2030 National Energy Productivity Plan provides a practical foundation for a National Energy Plan.

## *Achieving the Key Goals*

**Achieving the key goals will require doing things differently. Investment in innovation is essential to the future supply of energy and so is the principle of technology neutrality. Technologies should be employed according to their economic value and environmental performance. To accelerate technologies to full commercial deployment, will require a deft touch to avoid spreading investment too thinly and avoid putting too many eggs in too few baskets.**

# *Principles of a National Energy Plan*

## **1 Governance**

The National Energy Plan should be endorsed by the National Cabinet. An annual review should be informed by cost-benefit analysis carried out by the Productivity Commission.

## **2 Investment**

Economic recovery will depend crucially on attracting and accelerating investment in the overall resources sector, especially in energy. At the same time, we must preserve existing jobs.

Funding assistance could be provided to investments that ‘move the dial’, that provide the biggest boost to national productivity and growth. This should be determined by a transparent process of enquiry conducted by the Productivity Commission.

In the medium term, a similar transparent process of enquiry and report should be employed to make assessments of the costs and benefits of particular projects.

There should be accelerated tax treatment for new energy investments, especially for those serving export markets. Investment allowances can provide targeted support for firms creating jobs and growth.

## **3 Foreign Investment**

Foreign investments should continue to be screened in the national interest; the approval process should be streamlined and made more transparent.

Foreign investors, including state-owned investors, should continue to be taxed and regulated as though they were private sector players.

## **4 Government Investment**

Capital is no longer plentiful. Australia should have a broad-based Asset Recycling Plan for the energy sector, freeing up capital for the recovery program. This could include disinvestment by the Commonwealth of its shareholding in Snowy Hydro.

## **5 Markets**

To the maximum extent possible, energy products should be traded in competitive domestic markets.

The notion of any country being an energy super-power is completely out of date. Australia should strive to establish and maintain a reputation with its export customers as their safest and most reliable supplier.

## **6 Emissions Reduction and Enabling Technologies**

Australia should contribute as much as it can afford to the aspirational global goal of achieving net zero emissions by 2050. The Commonwealth should diligently progress its Technology Investment Roadmap project.

At this time, enabling technologies are not commercially available that would enable the world to achieve net zero emissions by 2050. Australia should not lock itself into specific targets in the absence of enabling technologies of a predictable cost.

Australia should press for international collaboration on research and development of energy technologies that will enable the world to achieve the 2050 global goal as fast as practicable. Australia should also press for international offset trading.

Renewables, hydrogen, fossil fuels and nuclear energy should all be in the mix. None should be arbitrarily promoted or discarded.

Carbon pricing schemes are favoured by many economists as the most efficient way of inducing emissions reduction. The Institute regards them as unsuitable unless they are of universal application..

## **7 Science, Technology-Neutrality, Best Practice, Cost-Benefit Analysis and Ideology**

All facets of energy policy should be based on science, technology-neutrality, industry best practice and cost-benefit analysis. Never on ideology. Nor on politics alone.

## **8 Community Education and Trust**

Community education must be provided and trust in the energy industry must be earned.

Respectfully submitted



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*This first edition of Key Goals and Principles of a National Energy Plan does not necessarily represent the official views of the Institute or any of its members.*