

Hawker Britton

South Australian Government to launch energy supply tender

September 2016

On 8 September 2016, the South Australian Government announced it will launch a tender to procure 75 per cent of its long term electricity needs, specifically with the introduction of a new competitor.

In an effort to drive down electricity prices by increasing competition, the Government will be encouraging the private sector to provide a service that will reduce carbon emissions and ease the financial burden on businesses and consumers.

It is expected the tender will be released in the coming weeks.

The Government's current electricity supply contracts, which cover the power needed for schools and hospitals, are due to expire at the end of 2016.

Reducing electricity costs for South Australians has been a priority on the policy agenda of the Weatherill Government. In the 2016-17 State Budget, \$1.5 million in funding was allocated to assist consumers to identify more competitive electricity supply deals and research into options for greater energy interconnection with the Eastern states.

In terms of renewable energy generation and reducing emissions, the Weatherill Government previously announced aims to eventually reach 100 per cent renewable power, citing opportunities following the demise of traditional manufacturing industries.

In 2009, *RenewablesSA* was launched as an initiative to support the growth of the renewable energy industry in the state by working to remove barriers to investment through policy and regulatory changes.

In 2014, a target was set to have 50 per cent of the state's energy produced by renewable forms by 2025. In 2015, about 40 per cent of South Australia's power was generated by renewable energy such as wind and solar. The State Government has also committed to an investment target of \$10 billion in low carbon generation by 2025.

A further initiative led by the Weatherill Government is the partnership formed with Adelaide City Council in 2015, with the shared vision to establish Adelaide as the world's first carbon neutral city.

The vision document *Carbon Neutral Adelaide* outlined a joint agreement to focus on six areas:

1. Building partnerships and encourage community action;
2. Investing in energy efficiency and renewables in Adelaide;
3. Transforming the way South Australians travel;
4. Reducing emissions from waste;
5. Investing in large scale renewables across the state; and
6. Identifying offset opportunities to reduce emissions and deliver economic return.



The 2016-17 State Budget allocated \$11.9 million in funding for *Carbon Neutral Adelaide* was allocated to ensure South Australia takes a leadership role in addressing global climate change.

In July this year, the State Government announced it would source 25 per cent of its electricity from dispatchable renewable energy providers.

Premier Weatherill noted that in order to deliver long term reform, the national electricity rules have to change.

The Australian Energy Council has said that Australia needs an agreed plan for the National Electricity Market during a transition phase to a lower emissions future.

The Australian Energy Council has also noted it is essential for the state to secure more firm, dispatchable power generation in order to manage upcoming heat-waves, cooler periods and times of low demand.

The State Government has also announced it will also commit \$24million towards a program to encourage the private sector to explore, extract and supply gas to the local market.

The Minister for Mineral Resources and Energy Tom Koutsantonis noted there is a lack of available gas in Australia's market and recognised this form of energy complements renewable energy options, providing base-load power to stabilise the system as more renewables come online.

Further information

Energy market changes to increase competition and drive down costs media release available [here](#).

The *Carbon Neutral Adelaide* policy document is available [here](#).

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