

Victoria says it won't sign up to the NEG without concessions

Written by Michelle Grattan, Professorial Fellow, University of Canberra

The Victorian Labor government has significantly raised the bar for the federal government's efforts to win support for the National Energy Guarantee (NEG) by declaring it will only sign up if a set of tough conditions is met.

Meanwhile, underlining that next week will see a tough internal debate, Liberal backbencher Tony Pasin has contradicted Malcolm Turnbull's statement that the NEG had already been endorsed by the Coalition party room. Pasin said that "what we've had is preliminary discussions".

In a statement issued on Wednesday, Victorian Energy Minister Lily D'Ambrosio said for Victoria to sign these conditions would have to be met:

..emissions reduction targets could only be increased in future, never allowed to go backwards;

..future targets would be set by regulation (rather than requiring legislation, as the government proposes);

..the targets would be set every three years, three years in advance;

..a transparent registry would be established "to ensure the NEG is working in the best interests of consumers".

D'Ambrosio said the conditions would protect Victoria's renewable energy target and the thousands of jobs it supported.

Victoria would continue to work through the Council of Australian Governments' energy council to get the NEG right, she said.

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“We won’t support any scheme that puts our renewable energy industry and Victorian jobs at risk.”

She said Turnbull needed to stand up to the climate sceptics in the Coalition party room. “We can still get this right – but only if Malcolm Turnbull stares down the climate crazies in his party room and puts a workable scheme on the table that doesn’t hurt local jobs and households”.

It is not clear what further concessions the government is willing to make to the Labor jurisdictions, which also include Queensland and the ACT. The Labor states have indicated they are not willing to go too far at Friday’s energy council meeting in Sydney – they want to see the outcome of the Coalition party meeting on Tuesday of next week.

Pasin told Sky News the Coalition’s party meeting needed to have “a strong and detailed and robust consideration of the detail” of the NEG.

“I for one am someone who for a very long time has been suggesting that baked into the NEG there needs to be a price guarantee. ... As important as reliability is, as important as carbon abatement is, a price target is what the majority of my constituents are focused on.”

Pasin said that “nobody in the party room wants to scuttle this plan in my view, or at least on balance. What we want to ensure is that the NEG is well designed ... because a well designed NEG will put downward pressure on energy prices. But equally a poorly designed NEG will do quite the opposite.”

The secretary of the Coalition backbench environment and energy committee, Trent Zimmerman said the party room had endorsed the NEG in October. “The process now is to consider the details of the legislation implementing the NEG”, he said.

The federal legislation covers emissions reduction; the NEG mechanism would be in state legislation. The federal legislation goes to the party room for approval.

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Zimmerman said the primary issue to be considered in the party room would be the federal legislation but “no doubt there will be strong interest in the state legislation”.

“The party room has consistently supported [Energy Minister] Josh Frydenberg and the Prime Minister in relation to the NEG. This is an historic opportunity to deliver a framework for the first time that has federal and state endorsement and the durability to last beyond a single political cycle,” Zimmerman said.

He said there had been no issue in this parliamentary term on which Coalition members of parliament, individually and collectively, had been so extensively briefed by the minister.

“My sense is that the party room wants this issue settled. The states should have no doubt about the party room’s support for the NEG,” Zimmerman said.

Energy stakeholders on Tuesday called for the COAG energy council to approve the NEG mechanism.

In a statement they [said](#) : “The states and territories should approve as soon as possible the general design of the Guarantee mechanism and the specific enabling changes to the National Electricity Law that the Energy Security Board proposes.

"In doing so they do not need to agree with the Commonwealth’s proposed emissions targets, which are a distinct question and will be hotly debated in the federal parliament.

"In that federal debate, and given current deep political disagreement over targets, compromise will be needed from all sides to deliver the greatest achievable certainty. Success will likely require a flexible approach, with a pathway for governments to amend targets subject to an adequate notice period and proper process.

"Together with COAG agreement on the Guarantee mechanism, such a compromise would

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sharply reduce policy uncertainty and help the electricity sector deliver affordable, reliable and clean energy.”

Frydenberg said: “Never before has there been an energy policy that has attracted such broad support from manufacturers, miners, farmers, small business, consumer groups and the energy industry. Sectors that represent the engine room of the economy.”

Michelle Grattan does not work for, consult, own shares in or receive funding from any company or organization that would benefit from this article, and has disclosed no relevant affiliations beyond their academic appointment.

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