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Australian Energy Charter

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REFERENCE: AUSTRALIA ENERGY CHARTER, DRAFT FOR CONSULTATION

Dear Emma

I am a senior manager at a South African company with an installed capacity of more than 43 000MW. I have come across your Energy Charter Draft Document on the internet. I want to use the opportunity to congratulate the development team on an excellent document. Surely, if successfully implemented and managed, it will have a positive impact on the prosperity of your country.

Please find some of my inputs, hopefully it can add some value.

1) The “*small committee of representative CEO’s*” on page 17 needs to be agreed upon very quickly because this entire energy charter depends heavily on this committee. I recommend that this committee also comprises of technical energy specialists. The Terms of Reference (T.O.R.) needs to be developed just after appointment of this committee. You need to have discussions already on who will be in charge of the governance.

2) The second committee, the “*Independent Panel*”, on page 20 is much better defined but still lacks the timelines and process of appointments. I strongly suggest that you include stakeholders like your state/government, especially if it comes to special subsidiaries to assist the lower income groups.

3) PRINCIPLE ONE comments:

3.1. Page 8: A critical omission in my opinion is the action of regular ‘customer engagement’, in other words how you would communicate on a regular basis with the customer. This can be in the form of a monthly newsletter published in newspapers, television adds that contain current initiatives, challenges and recommendations to proof to the customer that you really putting him/her ‘right in the center of your energy business.’

3.1. Page 8: The “robust processes” needs to be expanded on, for example, monthly customer research & respond management

4) PRINCIPLE TWO comments:

Page 10: action 2.3 that mention the short and long term plans to reduce cost of energy. This is the action that will be the most important for your customers and Government. What I found lacking in your document, is the strategy how this action will be addressed with confidence to the stakeholders & shareholders. Critical aspects, that may be dealt in the background, but I don’t see (I exclude gas and only focus on electricity)

- Does your Government have an updated Energy Resource Plan Available for the next 10 years that includes how old plant will retire (with social and economic impact), what will new plant energy mix consists of (solar, wind, wave, gas and coal) and by when. Without this plan, you can’t plan or determine how to reduce electricity cost.

- With focus on green electricity, and pressure on government (political pressures), we may end up making wrong decisions for example, by closing fossil power stations too quickly and focus on green energy that we forget the impact on cost. This will cause that the consumers have to pay heavy bills in the short term (even longer term) to fund these cleaner energy initiatives (pending on the outcome of feasibility studies, of course)

- Also, be careful how these new energies are funded – external investments usually have the tendency of taking money out of your country in the long term! They market it with the promise of creating job opportunities and initial investments but in the long term it may have a negative impact on the consumer and of course, your country.

5) PRINCIPLE THREE comments:

5.1 Page 12, to ensure sustainable energy we need to incorporate the risks of national disasters or even the changing climate. I suggest that you add an action that will incorporate this risk. Typical this action can be formulated as:

To ensure a sustainable supply of energy, there will be an intensive focus on process establishment in cases of national disasters and how the energy providers and other stakeholders will assist each other to limit impact on the customer (establishment of a National Joint Operations Centre/s is essential).

5.2. The following actions are required to ensure a safe environment for employees and customers and also ensuring reliable energy:

- Integration and benchmarking of existing governance requirements (statutory, legislative and mandatory) at each of the energy providers (generators, transmission and distribution). In other words, regular audits and reporting on compliance to these requirements that can be in the form of testing, measuring, auditing etc. (benchmarking to ensure all companies are on the same level)

5.3. Just a word of cautioning: with the current era of green energy, you need to be very careful and ensure you perform an intensive risk assessment on the impact of adding renewables. For example, with micro generators like consumers adding solar panels, you will find that there will be oversupply close to 12:00 at day (with a low demand as well normally!) that can cause a over frequency condition on your grid. This will require that your existing base load generators need to compensate and drop load to manage the system frequency. You will find the following:

- a) Some of your older fossil power stations can not ramp down fast enough or even generate lower than a specific load – it will become unstable, to redesign / modify plant will in most cases be cost ineffective!
- b) A fossil power station, running at lower loads impact on the station thermal efficiency – you will therefore for example burn MORE coal to compensate for the efficiency losses and this will increase emission and ash – defeating the purpose of the green solar energy!
- c) You need to investigate the options of battery storage – your country is fortunate to have all the required minerals to manufacture your own batteries, why not use this opportunity to create job opportunities and even an export market.

Kind regards!

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