

18 August 2023

Dr Kris Funston
Executive General Manager
Australian Energy Regulator

Sent via email: Kris.Funston@aer.gov.au

AER draft guidance on amended national energy objectives

Dear Dr. Funston,

Energy Networks Australia (**ENA**) appreciates the opportunity to respond to the Australian Energy Regulator's (**AER**) draft guidance on the amended national energy objectives.¹

ENA is the national industry body representing Australia's electricity transmission and distribution and gas distribution networks. Our members provide more than 16 million electricity and gas connections to almost every home and business across Australia.

ENA strongly supports the introduction of an emissions reduction component into the national energy objectives. Network service providers are essential partners in supporting government commitments to achieve a decarbonised, modern and reliable grid, and will work closely with market bodies, consumers and stakeholders to implement this important reform.

Where the AER retains discretion to determine whether to apply the amended objectives, ENA strongly supports the AER applying the amended objectives to those processes underway where possible, given the long duration nature of most energy market decisions and the outcomes afforded (or not) by those regulatory decisions.

We recommend that the AER give specific notice to affected stakeholders as to the objectives that will be considered (old or amended) in a particular decision-making context (where that discretion is retained), and, if relevant, justify why the amended objectives are not to be applied to that specific process.

Given timing considerations, ENA supports close consultation between the AER and networks on the integration of any value of emissions reduction (**VER**) guidance for both:

- » the AER's 2024-29 regulatory reset final determinations for Tasmanian, New South Wales, Australian Capital Territory and Network Territory network service providers, and
- » for any regulatory investment test (**RIT**) projects that are approaching the relevant cut-off point (as defined in the final bill) on the 'start day'² and VER guidance is issued by the AER shortly before the project assessment draft report is to be published. In such cases, without this close engagement with the AER, it may be practically difficult for a proponent to reflect the VER guidance in its project assessment draft report without impacting project timelines.

¹ AER, AER guidance on amended National Energy Objectives: Draft guidance for consultation, July 2023.

² Defined as the day that is two months after the commencement of the new section 39(2)(a) of the NEL.

If you wish to discuss any of the matters raised in this letter further, please contact Lucy Moon, Head of Regulation, on [REDACTED]

Yours sincerely,

[REDACTED]

Garth Crawford
General Manager, Economic Regulation