



12 July 2024

Daniel Feng
Assistant Director
Australian Energy Regulator
Level 27, 135 King St
Sydney NSW 2000

Dear Mr Feng,

Submission to the 2024 Review of revenue determination guideline for NSW non-contestable projects

Thank you for the opportunity to make a submission on the Australian Energy Regulator's ('AER') 2024 Review of revenue determination guideline for NSW non-contestable projects ('guideline').

The Clean Energy Finance Corporation ('CEFC') is a specialist investor with a deep sense of purpose; to invest as Australia's 'green bank' to help achieve our national goal of net zero emissions by 2050. The CEFC supports the development of a secure, reliable and affordable electricity system whilst lowering emissions through its investment activities. The Australian Government has allocated \$19 billion to the CEFC under its Rewiring the Nation ('RTN') program to help spearhead the necessary transformation of Australia's electricity grid infrastructure.

Transmission Network Service Providers ('TNSP') can experience financeability issues when developing large projects identified in the Integrated System Plan ('ISP'). We support the intent of the proposed guideline amendments that enables the AER to address these issues for projects being developed in NSW under the *Electricity Infrastructure Investment Act 2020* framework ('EIIA'). Addressing this financeability issue will support the timely delivery of critical transmission projects that will enable more renewable generation to connect and put downward pressure on electricity prices.

Definition of concessional finance agreements

The CEFC considers it critical that any financial support provided by a *Government Funding Body* ('GFB') (such as the CEFC) to address a TNSP's financeability issue under either the National Electricity Rules ('NER') or EIIA frameworks is accounted for when the AER performs its financeability test. This will ensure consumers do not face short term higher costs to address financeability issues that have already been addressed by the GFB. In particular, bringing forward regulatory depreciation under the application of an AER financeability assessment would not be in the long term interests of consumers where financeability support has been provided.

The proposed definition of a *concessional finance agreement* contained in the draft EII Chapter 6A, however, does not capture agreements made between a GFB and a TNSP that has been made for the purpose of addressing a financeability issue, meaning the AER would not take them into account in performing a financeability test. The CEFC therefore considers this definition should be amended to also capture agreements that a GFB specifies to be a concessional finance agreement for the purposes of:



1. Clause 6A.6.3A "Financeability adjustment" of EII Chapter 6A; and
2. The equivalent clause 6A.6.3A "Financeability adjustment" of the NER.

This change would also bring the EII Chapter 6A definition into alignment with the NER, which captures agreements made for the purpose of addressing financeability.

We value the opportunity to provide input into this process and look forward to the opportunity to engage further with the AER. Should you wish to discuss this submission further, please contact Frans Jungerth, Associate Director - RTN, [REDACTED].

Sincerely,



Ian Learmonth
Chief Executive Officer