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29 May 2024

Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601
Tel: 1300 585 165

AER reference: AER24008643

Dear Kami Kaur

Essential Energy's submission on Draft amendments to Transmission Efficiency Test and revenue determination guideline for non-contestable network infrastructure projects

Essential Energy appreciates the opportunity to provide feedback on the Australian Energy Regulator's (AER) draft amendments to the *Transmission Efficiency Test and revenue determination guideline for non-contestable network infrastructure projects under the NSW Electricity Infrastructure Investment Act (EII Act)*. We acknowledge the AER's efforts to streamline the non-contestable process, particularly in light of the experience with the Waratah Super Battery project and the need for more efficient timelines.

Essential Energy supports the draft amendments to the non-contestable guideline

Essential Energy supports the proposed draft amendments to the non-contestable guideline. In our view, the proposed amendments offer several positive attributes including:

- > **Introduction of preliminary position paper** - Essential Energy supports the creation of a preliminary position paper due to the timeline and administrative efficiencies it offers. We endorse the proposed replacement of the "draft decision stage" with a "preliminary position paper stage". This change, focusing on key issues and published approximately 55 business days (or sooner) after receiving the revenue proposal, is a positive step towards enhancing efficiency. The preliminary position paper's inclusion of summaries, key differences, stances on contentious issues, and positions on submissions will provide a clearer and more targeted document.
- > **Amendments should lead to efficiency gains for distribution level projects** – Essential Energy's high voltage distribution network can make meaningful contributions to NSW's renewable energy targets. Given this, we believe the declaration of distribution-level REZs in the near term is highly likely. As such, we are highly supportive of amendments that could allow the AER to make final decisions earlier than the maximum 126-business day limit set out in the legislation. This is particularly relevant for distribution-level projects as generally, distribution-level projects are typically less complex and costly than transmission projects, and as such, could benefit from quicker delivery under the streamlined process. This aligns with operational timelines and improves service delivery to our customers.
- > **Public Forum** - We support the AER's intention to host a public forum to discuss the preliminary position paper, contingent on stakeholder demand as this makes the most efficient use of proponent, stakeholder and the AER's resources.
- > **Other non-controversial adjustments** - We acknowledge and agree with the other proposed adjustments to align the guideline with the Australian Energy Market Commission's (AEMC)

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Essential Energy submission: AER Non-Contestable Guideline

concessional finance rule change. These amendments appear non-controversial and are a necessary step to ensure regulatory coherence.

Essential Energy is supportive of the proactive approach taken by the AER in refining the non-contestable process. We believe the proposed amendments will lead to a more efficient process overall. We look forward to continued engagement with the AER and other stakeholders to ensure the successful implementation of these improvements.

If you have any questions in relation to this submission, please contact Anders Sangkuhl, Regulatory Strategy Manager via email [REDACTED].

Yours sincerely,

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Hilary Priest
Head of Regulatory Affairs