

AER ELECTRICITY TRANSMISSION RING-FENCING GUIDELINE VERSION 5

28 JANUARY 2025

INTRODUCTION

The Energy Users' Association of Australia (EUAA) is the peak body representing Australian commercial and industrial energy users. Our membership covers a broad cross section of the Australian economy including significant retail, manufacturing, building materials and food processing industries. Combined our members employ over 1 million Australians, pay billions in energy bills every year and in many cases are exposed to the fluctuations and challenges of international trade.

Thank you for the opportunity to make a submission under the AER's Electricity Transmission Ring-Fencing Guideline Version 5.

The EUAA supports an equitable transition of the NEM to reach net zero-emissions. This must be undertaken efficiently, while ensuring the NEM continues to be fit-for-purpose and has full transparency in all investment justifications, including costs and tender processes. The EUAA was concerned that without a rule change to close the gaps in the transmission ring-fencing framework identified by the AER, that there was potential for TNSPs to impact competition, thereby increasing the cost of the transition and by extension cost for consumers.

Following the recent rule change to rule 6A.21.2 of the National Electricity Rules, to achieve functional separation of TNSP's (or their related electricity service provider – RESP), the EUAA supports the AER's approach to the draft Electricity Transmission Ring-Fencing Guideline Version 5. In particular, we commend the AER in requiring:

- uniformity by subjecting all negotiated services to ring-fencing obligations;
- that the TNSP must not discriminate directly or indirectly;
- extending information access and disclosure requirements so that they capture all information obtained by a TNSP in the provision of negotiated services
- creating an additional reporting requirement by TNSPs on aspects of negotiated transmission service delivery;
- removing the maximum term for ring-fencing waivers;
- requiring the most senior executive in the TNSPs to sign off on TNSP annual compliance reports.

We also support the AER's decision to not require a separation of staff and allowing cross-branding and promotion for negotiated services at this stage.

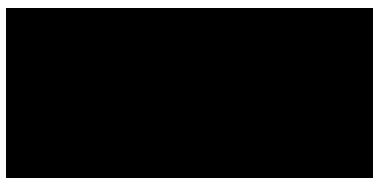
We believe that the AER has struck a good balance between ring-fenced separation (and therefore real or perceived anti-competitive behaviour) and compliance that should lead to better competition in the provision of non-monopoly transmission services that can only be of benefit to all consumers.

Our current concerns arise from reports to the EUAA that on several occasions, new distribution connections that require augmentation of the transmission network, and thus fall under negotiated transmission services, have been quoted (with itemised quotations) at up to 200% higher cost than the requesting DNSP could perform the activities themselves.

This behaviour results in one of two outcomes, the connection does not proceed due to the high cost (which impacts the transition of the NEM to reach zero-emissions), or the cost to the consumer is increased. Neither of these is a good outcome.

We are confident that the proposed Guidelines will deter this type of behaviour.

Do not hesitate to be in contact should you have any questions.

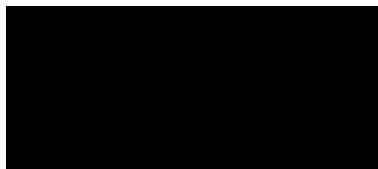


Andrew Richards
Chief Executive Officer

CONCLUDING REMARKS

The EUAA welcomes further discussions with us and our members around the issues raised in this submission.

Do not hesitate to be in contact should you have any questions.



Andrew Richards
Chief Executive Officer