

From:

Sent: Friday, 21 March 2025 11:51 AM

To: AER Inquiry <aer inquiry@ aer. gov. au>

Subject: Expenditure guideline review 2025

Dear Australian Energy Regulator,

I write to strongly object to the proposed amendments to the Capital Expenditure Incentive Guideline in response to the Australian Energy Market Commission's (AEMC) rule change regarding ex post reviews of Integrated System Plan (ISP) projects.

The ISP, in its current form, is not fit for purpose. It has been artificially pushed forward using flawed and overly optimistic modeling, fudged cost estimates, and unrealistic timelines. The so-called independent market bodies, including AEMO, have consistently adjusted assumptions and parameters to align with political agendas rather than the realities of energy generation, transmission, and market stability. The entire process has lacked genuine consultation, particularly with rural and regional communities, who bear the brunt of these costly and disruptive projects.

Key Issues with the ISP and the Capital Expenditure Guideline Review

1. The ISP is built on misleading economic and technical assumptions.

- Cost assumptions for major transmission and generation projects have been consistently underestimated, as demonstrated by ballooning budgets for key projects like HumeLink and VNI West.
- Reliability and system security risks are downplayed, while the true cost of firming intermittent generation (e.g., batteries, pumped hydro) is glossed over.
- The reliance on optimistic future cost declines in renewables and storage technologies ignores real-world supply chain constraints and inflationary pressures.

2. Nowhere in the ISP is there any real costing for transmission.

- Transmission infrastructure is one of the most expensive and contentious aspects of the transition, yet AEMO has failed to provide clear, transparent, and accountable costings for the transmission requirements of their ISP scenarios.
- Without comprehensive transmission costings, the entire ISP is financially meaningless, and yet billions in taxpayer and consumer funds are being committed to projects without a full understanding of their economic impact.

3. The ex post review mechanism does not go far enough to protect consumers.

- The proposed guideline tweaks do nothing to address the fundamental issue that ISP projects are steamrolled through under regulatory frameworks designed to favor transmission expansion, not affordability or reliability.

- Electricity consumers – the ones footing the bill – have been completely ignored. There is no genuine accountability for cost overruns, meaning consumers will continue to be saddled with rising network charges.
- The capital expenditure incentive framework should include pre-approval conditions that force AEMO and project proponents to provide realistic cost estimates and independent assessments of alternative solutions rather than rubber-stamping transmission megaprojects.

4. Rural and regional communities are not being consulted or considered.

- The ISP's transmission-heavy approach ignores the impact on farming land, biodiversity, and regional economies.
- Landholders have been treated as collateral damage in a rushed transition that prioritizes large-scale infrastructure at their expense.
- Local reliability concerns, particularly in fringe-of-grid and regional areas, are not addressed by simply building more long-distance transmission lines. Conclusion The current approach to the ISP, and the proposed amendments to the Capital Expenditure Incentive Guideline, fail to deliver an energy system that prioritizes reliability, affordability, or community impact.

Nowhere in the ISP is there any meaningful costing for transmission, and yet the entire plan relies on a massive, unprecedented expansion of transmission infrastructure. Instead of making minor adjustments to ex post reviews, the AER must undertake a full reassessment of how major ISP projects are assessed, approved, and funded – with a genuine focus on affordability, reliability, and community impact, not just network operators and politically driven energy policies. I urge the AER to reject this limited, ineffective review and instead conduct a full, transparent, and accountable evaluation of the true costs of the ISP before further burdening Australian consumers with an unreliable and unaffordable electricity system.

Sincerely,