

From:

Sent: Friday, 21 March 2025 2:49 PM

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

Subject: AER Capital Expenditure Guideline Review 2025 Submission

AER Capital Expenditure Guideline Review 2025 Submission.

The Australian Energy Regulator (AER) is failing spectacularly in its duty to act in the interests of Australian Electricity Consumers through its Capital Expenditure Guideline Review 2025.

There is no way that AER has honestly “made every reasonable effort to provide current and accurate information,” at all as it is acting on the basis of the fudged ISP - which is:

- **NOT Fit For Purpose**
- **Has NO Independence**
- **Is Fatally Compromised**
- **An Unmitigated Disaster**
- **IS DEAD & BURIED!**

So, it cannot possibly “warrant or make any guarantees about the accuracy, currency, or completeness of information in this publication.”

Instead of prioritising Australia’s best interests & the well-being of Electricity Consumers - Australian Families & Industry - the AER seems intent on pushing forward an agenda that only benefits the powerful, vested interests of energy generators and network service providers at the bankruptingly costly expense of ordinary Electricity Consumers & the Australian Economy, whilst causing monumental ECOCIDE and toxic waste creation, along with especially egregious ramifications for the Public Health and Safety of Rural Communities, all those who depend on essential, life-sustaining, uncontaminated food/water supplies and for Intergenerational Equity.

The Integrated System Plan (ISP) is a prime example of this failure—its underlying assumptions have been thoroughly debunked, yet the AER continues to rely on it in its decision-making, to the detriment of both electricity consumers and the environment.

Far from acting in the "long-term interests" of the Australian public, the AER’s plans appear more aligned with fostering profits for energy corporations and jeopardising the future of rural communities & the Nation.

Now, to the questions at hand:

Additional Considerations for Incorporating ISP Project Capex:

The AER should, first and foremost, listen to the real, on-the-ground concerns of rural communities and stakeholders who will bear the brunt of these disastrous ISP projects.

The AER’s continued disregard for genuine consultation is alarming.

They have shown no interest in considering the immense environmental and social costs that these projects impose on agricultural lands and vital water resources.

The AER must be held accountable for perpetuating policies that are pushing Australia to the brink of destruction.

Substantial Completion of ISP Projects: The AER's criteria for determining when an ISP project is "substantially complete" should be scrutinized, as these projects often overrun in both time and cost.

The AER's definition is overly vague and does not address the rampant inefficiencies and failures inherent in ISP projects.

It is unclear how the AER can justify a "substantial completion" when many projects end up over budget, delayed, and ultimately serving the interests of corporate entities more than those of the Australian public.

Cost Threshold for Substantial Completion:

Any cost threshold for substantial completion must be seen for what it is—a smokescreen designed to allow for further bloated costs and failures to go unchecked.

The AER's proposal to allow "efficient overspends" only further strengthens the case that the regulator is no longer acting in good faith or prioritizing the well-being of consumers.

A cost threshold would simply give a green light to gross overspending without real consequences for NSPs or energy corporations, leaving consumers to foot the bill.

Additional Factors:

The AER seems completely uninterested in considering any factors that could benefit the public.

They should, at the very least, be taking into account the monumental costs for generations to come, of the widespread destruction these projects wreak on local communities, agriculture, and the environment.

The AER's failure to genuinely engage with these concerns is a clear indication that they are more interested in protecting industry profits than ensuring Australians are not destroyed by their energy policies.

Residual Capex Not Reviewed:

If the AER continues to allow unreviewed capex from ISP projects, it is nothing short of financial malpractice.

The failure to properly scrutinise the ongoing costs of ISP projects shows a total disregard for consumers, leaving them vulnerable to the unchecked greed of NSPs and energy companies.

The AER's acceptance of inefficient and unnecessary overspends further compounds the exploitation of electricity consumers.

Minor Amendments to the Framework: There is nothing minor about the amendments the AER is proposing; they are designed to prop up an increasingly broken system that harms consumers.

Any amendments made to the framework, particularly those that would refund NSPs for amounts excluded from the RAB, should be immediately dismissed.

These changes represent a blatant attempt to line the pockets of energy corporations at the expense of everyday Australians.

Additional Factors for Refunds to NSPs: The AER must reconsider its approach entirely.

The current framework is completely out of step with what is in the best interests of consumers.

Proposals to refund NSPs for excluded amounts are just another way to funnel money away from consumers and into the hands of corporate interests.

The AER is clearly not fulfilling its mandate to protect Australians from exploitation in the energy sector.

Interaction Between CESS and Ex Post Reviews:

The current interaction is a perfect example of the AER's failure to safeguard consumers' long-term interests.

By failing to properly assess overspends or impose meaningful penalties, the AER is complicit in allowing transmission network service providers to waste public money with impunity.

The CESS framework as it stands is a gift to energy corporations, while leaving the public to suffer from rising energy costs and a lack of investment in affordable, more efficient, far superior, Australian, 24/7 Coal & future Nuclear power alternatives.

Reducing CESS Penalties for Efficient Overspends:

The suggestion to reduce or eliminate CESS penalties for "efficient overspends" is an absurdity.

Overspending on projects that are demonstrably inefficient should not be rewarded.

The AER's attempt to provide leeway for these overspends is an endorsement of corporate irresponsibility, ensuring that the already-struggling consumer pays for corporate failures.

Factors for Reducing CESS Penalties: The AER's attempts to reduce penalties for overspending are reckless and counterproductive.

The only factor that should be considered in reducing penalties is a genuine, transparent, and consumer-focused assessment of whether the overspend truly benefits the public.

The AER has demonstrated a complete failure in this regard, as it is more concerned with protecting industry profits than ensuring consumers do not bear the brunt of corporate waste.

Flexibility in Reducing CESS Penalties for ISP Projects:

The AER's desire to introduce flexibility to reduce CESS penalties is just another way to reward inefficiency and waste.

This move will only serve to further erode public trust in the AER's ability to regulate in the public interest.

It is an invitation for NSPs to overspend and waste money without facing meaningful consequences.

Modification of CESS for Specific Capex Categories:

The AER's proposed modifications to the CESS framework would further cement its failure to protect consumers.

Any modification that allows exclusions for specific categories of capex would serve to reinforce the growing problem of energy corporations prioritizing their profits over the needs of the public.

This policy would create more loopholes for NSPs to exploit, leaving consumers in the lurch.

Factors for Excluding Capex from CESS: Any attempt to exclude certain categories of capex from the CESS framework must be rejected outright.

The AER's current actions have already shown a pattern of ignoring & twisting all aspects of the NEL objective.

The idea that exclusions could be justified based on vague or subjective criteria is nothing more than a way to let NSPs off the hook for poor decision-making.

Incentivising Efficient Abandonment: The AER's policies are fundamentally flawed in their understanding of efficient abandonment.

There is no balance in their framework, as it continuously favors energy corporations over consumers.

The failure to properly incentivise efficient project abandonment places an undue burden on consumers and encourages wasteful spending on doomed projects.

Application of CESS to Abandoned Projects:

The AER should not be considering flexible application of CESS to abandoned projects, especially for ISP projects.

This flexibility only opens the door to more inefficiencies, creating a system where energy providers are incentivised to abandon projects without any real consequences, leaving consumers to bear the costs.

Applying CESS to Abandoned Projects:

If the AER were to apply CESS to abandoned projects, it would be yet another example of regulatory capture in action.

The incentives are so poorly aligned with the public interest that they effectively ensure the wasteful abandonment of projects without any repercussions for energy providers.

Consumers will pay the price for this reckless approach, facing higher costs and reduced reliability in the energy market.

The AER's actions in this review have shown that it is no longer serving the public or protecting consumers.

Instead, it is serving the interests of energy giants and corporate entities.

Their total disregard for the concerns of rural communities, their reliance on a fudged and discredited ISP, and their constant prioritisation of vested interest profits over consumer welfare are unacceptable.

Australians, especially those in rural areas, deserve far better.

We deserve an ethical energy regulator with integrity - a regulator that works for the Australian people, not AER's predatory, Fake Green RenewaBULL Swindle.

An Immediate Moratorium & Royal Commission is Essential!

References:

****"The idea that adding more & more renewable energy to the grid pushes power prices down has been comprehensively dismissed."**

10/2/25 - 4:48 minutes - Aidan Morrison:

<https://www.skynews.com.au/opinion/peta-credlin/governments-insistence-on-renewables-amid-soaring-power-prices-lashed/video/86bd230860f5514d1e587239c6b913ab>

****Fresh pressure on Chris Bowen + Matt Kean 🗨️** - Ben Fordham Live
(<https://omny.fm/shows/ben-fordham-full-show/saturday-fresh-pressure-on-chris-bowen-matt-kean>) - Aidan Morrison - 8 minutes

****AEMO was not “trying to find the cheapest replacement for coal” since its Integrated Systems Plan (ISP) must be based on the current government’s policy.**

“Matt Kean looks like he’s lying to Parliament in that case, because the statements he’s made... that the market operator’s ISP is trying to find the cheapest replacement for coal; that is absolutely false,” he said.

“What’s become absolutely, unequivocally clear is that the market operators Integrated System Plan is merely an instrument to achieve government policies.

It does not allow government policies to be compared to any other alternative.

So this idea that this baseline is somehow tested and compared to other alternatives - like more coal and gas - is utterly false.”

16/1/25 - 7 minutes - Aidan Morrison

<https://www.skynews.com.au/business/energy/utterly-false-energy-expert-unleashes-on-climate-change-authority-head-matt-kean-and-market-regulator-beholden-to-government/news-story/a68147f24f47c99c1a868640f6ab7b64>

****Submission to CSIRO’s Draft 2024-25 GenCost Report**

By Independent Engineers, Scientists and Professionals, 11 February 2025 (PDF Attached.)

From