

## **SOUTH AUSTRALIA – AMENDMENTS OF THE *ELECTRICITY (GENERAL) REGULATIONS 2012 TO ESTABLISH A NEW PLANNING AND FORECASTING FUNCTION***

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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 South Australia's Amendments of the *Electricity (General) Regulations 2012 to Establish a New Planning and Forecasting Function Consultation Paper*.

The EUAA notes that the whole of system planning function of the National Energy Market (NEM) was transferred to the Australian Energy Market Operator (AEMO) by each NEM jurisdiction when AEMO was established by the Council of Australian Government's. This has allowed AEMO to develop and publish the important biennial Integrated System Plan (ISP), establishing a plan for transitioning the transmission network throughout Australia to zero-emissions and a 100% renewable grid. The EUAA also notes that this function of AEMO is separate to the South Australian transmission system planning that is undertaken by ElectraNet.

The EUAA recognises the concerns of the South Australian Government; that in developing the ISP, AEMO does not perform specific planning and forecasting of each jurisdiction's transmission network. Specifically, it may not fully consider the needs of each jurisdiction, but rather for the integrated NEM, and that this can often lead to differing views on the ideal development pathway within a jurisdiction.

In reviewing South Australia's proposed new planning and forecasting function, EUAA thinks it prudent to compare to what other jurisdictions are planning or have done in this area. The other jurisdictions have implemented or will implement:

- New South Wales: Have implemented EnergyCo to manage the co-ordination and development of the Renewable Energy Zones (REZ) as identified in AEMO's ISP, AEMO Services to oversight and independently tender for works identified by EnergyCo and are supporting Transgrid in implementing the actionable transmission projects in the ISP;
- Queensland: Have announced a detailed Queensland Energy and Jobs Plan that assigns the planning function for its REZ's to Powerlink; it will establish the Queensland Energy System Advisory Board to biannually review the Queensland SuperGrid Infrastructure Blueprint and provide an annual progress statement on progress towards achieving the renewable energy targets and delivery of the Blueprints optimal infrastructure pathway, these developments have been subject to extensive stakeholder engagement as the details have been developed; and

- Victoria: Has created VicGrid to manage the planning and development of REZ's and potentially to take back to Victoria the transmission planning function that currently resides with AEMO Victoria Planning.

We note in this comparison, that only Victoria had derogated the system planning function to AEMO, while all other States in the NEM retained the planning function through their local Transmission Network System Provider (TNSP).

At the time of AEMO's creation, all NEM States derogated "system" planning, i.e. whole of NEM, to AEMO.

In arguing the case for South Australia's proposed new planning and forecasting function, the Consultation Paper refers to the whole of NEM planning undertaken by AEMO. Other states have established bodies, or will establish bodies that complement the whole of system planning function that AEMO uses to create the ISP, while including unique jurisdictional circumstances, i.e. the other states have derogated the planning and development of REZ's and/or ISP actionable projects to a local body, where that function was either unclear or is held by AEMO. Queensland has taken this approach a step further by adding an additional transmission project into its plan that has since been included in AEMO's ISP.

It is EUAA's opinion that these jurisdictional bodies where created to complement AEMO's whole of system planning function, can create efficient and least-cost outcomes to meet demand reliably and securely while also meeting jurisdictional carbon emissions targets and load growth. These are the same goals that the South Australian Government plans to achieve through its new planning and forecasting function.

The EUAA notes that each of the other jurisdictions released comprehensive consultation documentation and/or engaged with stakeholders prior to establishment of the entities they created. This is not the case with the consultation documents provided nor engagement by the South Australian government to-date.

Prior to supporting South Australia's approach, the EUAA request the following:

- Details of how the planning and forecasting function would operate with respect to:
  - The entities output;
  - How the entity fits within the NEL and NER including duplication and/or complimenting AEMO functions;
  - How the entity fits with the planning role of ElectraNet including duplication and/or complimenting ElectraNet's efforts.
- Details of how the entity would be funded.
- A clear understanding of the evaluation methodology to give consumers confidence that proposed projects provide net benefits to South Australian consumers and are consistent with the National Electricity Objective.
- The entities engagement strategy, particularly as it relates to
  - Stakeholder consultation; and
  - Social licence.

## CONCLUDING REMARKS

The EUAA does not support policy that is not developed with adequate consultation and/or is not supported by evidence demonstrating the policy's positive impact to the energy system, the transition to net zero and consumer energy bills. The EUAA also does not support policy that duplicates existing functions.

As the documentation provided with the Consultation Paper by the South Australian government does not provide any of this information, and leaves more questions than it provides answers, the EUAA is unable to support the proposed amendments of the *Electricity (General) Regulations 2012* to Establish a New Planning and Forecasting Function.

The EUAA welcomes further discussions with the South Australian government around the issues raised in this submission.

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



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