

AEMC – DRAFT DETERMINATION NATIONAL ELECTRICITY AMENDMENT (EXPANDING THE TRANSMISSION RING-FENCING FRAMEWORK) RULE (ERC0371)

4 APRIL 2024

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 AEMC's Draft Determination – National Electricity Amendment (Expanding the transmission ring-fencing framework) Rule.

The EUAA supports an equitable transition of the NEM to reach net zero-emissions. This must be undertaken at least cost to consumers while ensuring the NEM continues to be fit-for-purpose while having 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.

The EUAA supported the AER's option to include negotiated transmission services in the transmission ring-fence to join the already ring-fenced prescribed transmission services.

The EUAA is therefore pleased to see that AEMC's draft determination enables the AER to include negotiated transmission services into the ring-fence regime. Ensuring all transmission monopoly services are inside the transmission ring-fence allows for better oversight and competition of the activity left outside the ring-fence, being non-regulated transmission service, contestable connection services and any associated unregulated entities.

Better competition in the provision of non-monopoly transmission services can only be of benefit to all consumers.

However, we would have liked to have seen an additional reporting requirement to include negotiated connections within ring-fenced information, though understand that the AER can include this requirement in the *Transmission Ring-Fencing Guidelines* required under the proposed clause 6A.21.2.

By bringing negotiated transmission services inside the ring-fence, we encourage the AEMC and AER to consider methods for oversighting this monopoly activity (such as additional reporting requirements).

This concern arises 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.

In summary, the EUAA supports the AEMC's draft determination, but considers that the oversight of transmission monopolies needs to go further, particularly with regard to negotiated transmission services and new connections.

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



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