

ESC POWERCOR AUSTRALIA LTD ELECTRICITY TRANSMISSION LICENCE APPLICATION

14 JUNE 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 to ESC for Powercor Australia Ltd's Electricity Transmission Licence Application.

Powercor currently holds an electricity distribution licence under the *Electricity Industry Act (Victoria) 2000* (EI Act) in the western half of Victoria. The EUAA understands that Powercor has applied for an electricity transmission licence to cover the same geographic area as its current distribution licence to improve competition for the connection of customer facilities to the transmission network, including planning, designing, building, upgrading, owning, operating and maintaining transmission infrastructure, (terminal stations and lines up to and including 220kV). The licence would enable Powercor to bid and perform works for dedicated transmission network connections or, more likely, transmission network augmentations required to facilitate new or augmented distribution network connections.

The EUAA has reviewed all of the documentation provided by the ESC on Powercor's application and have come to the decision to support Powercor's transmission licence application. We believe that Powercor meet all of the requirements of a transmission licence holder, and that having two transmission licences in the western half of Victoria will create direct competition in an industry of monopolies. We believe that the new competition will put downward pressure on transmission augmentations and connection costs, which will facilitate a cheaper transition to a net zero economy. Additionally, having more than one licenced transmission provider in the western half of Victoria, will allow consumers and generators connecting or augmenting connections with choice, not only in price point but also in timeliness to connect the consumer or generator.

Additionally, we have the following thoughts on Powercor's application:

- We would support an expansion of Powercor's application to cover all of Victoria to provide competition across the state, however understand the maintenance and emergency requirements of all electricity licence holders would inhibit the effectiveness of competition and compromise the financial viability of the proposal.
- Transmission licences are usually issued with a specific "piece of infrastructure" or activity in mind. The EUAA considers that the current application by Powercor has more benefits than this irregular application for a geographic area. We note that the EI Act allows for the ESC to issue a licence for "future works" and encourage the ESC to extend this to any potential future works within the geographic area in question.

- We have a concern about the potential for anticompetitive behaviour by Powercor between its distribution and transmission (if approved) businesses. We are comfortable with the Tender Policy provided by Citipower and Powercor that demonstrates how they will internally manage the potential issues, however consider that the ESC needs to ensure that the Powercor transmission licence increases competition and does not decrease competition. ESC might consider a specific licence condition to this effect.

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



Andrew Richards
Chief Executive Officer