



Grid congestion a handbrake to renewable energy investment: must be fixed

6 July, 2022, Canberra: The [Clean Energy Investor Group \(CEIG\)](#) has today urged Federal and State governments, and the Energy Security Board (ESB), to implement the urgently needed market reforms to deliver the certainty required to manage grid access and congestion for new renewable energy projects.

“Renewable energy generators have been curtailed across the National Electricity Market (NEM) because of problems with congestion in the grid. New clean energy generation is being underutilised and wasted. These problems have also resulted in negative impacts on revenues for individual projects,” said CEIG CEO, Simon Corbell.

“Grid congestion is a handbrake to renewable energy investment and must be urgently fixed.

“Investors could not be any clearer: we need urgent reform to grid access and congestion management to ensure the uptake of future clean energy projects in Australia. Without this, investors will continue to see higher levels of risk in the Australian market,” he said.

A recent member survey by CEIG has highlighted that investors consider the risks due to grid congestion in the Australian market have caused a 100-250 basis point increase in the cost of equity for Australian renewable energy projects compared to other OECD markets. As a result, many investors are focusing on the US, European and Asian market instead of Australia.

Today, CEIG released its response to the ESB’s latest consultation on grid access and congestion management reform, urging the ESB to support CEIG’s alternative transmission queue reform proposal.

The key elements of CEIG’s transmission queue proposal are:

- A grid access regime which is designed to apply across the NEM, and within State based Renewable Energy Zones.
- Improved long-term locational signals for investors to avoid grid congestion in the first place.
- Assigning generators a queue number of '0', '1', '2', etc based on the available transmission capacity in the area when they connect. The lowest cost bid continues to be the primary driver for deciding which generator to dispatch. When there is congestion in the electricity grid, generators with a higher queue number are curtailed first ('last in, first curtailed').

"Australia has no more time to waste. The next three months will be vital to progress the detailed design of all shortlisted reform proposals before a recommendation is made to Ministers at the end of this year," Mr Corbell said.

"Getting reform right is critical to lower the cost of capital and therefore minimise the costs that will be paid by consumers for the generation, storage and transmission assets necessary for the energy transition."

Details of CEIG's submission on grid access and congestion management reform, including expert analysis from energy market advisors Castalia, is available at <https://ceig.org.au/wp-content/uploads/2022/07/2022-06-10-CEIG-response-to-ESB-paper-for-lodgement.pdf>

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About the Clean Energy Investor Group

The Clean Energy Investor Group represents 19 domestic and global investors with a combined Australian portfolio value of over A\$24 billion and more than 70 clean energy assets under management. It is an investor advocacy body, representing the unique perspective of clean energy investors to regulators, policy makers and the broader energy sector.

<https://www.ceig.org.au/>

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