

4 April 2024

Mr. Ashwin Raj
Project Leader
Australian Energy Market Commission
Lodged electronically via [AEMC online portal](#)

Dear Mr Raj,

CEIG response to the AEMC's consultation on expanding the transmission ringfencing framework

The Clean Energy Investor Group (CEIG) welcomes the opportunity to provide feedback on the Australian Energy Market Commission (AEMC)'s consultation paper on the draft determination and draft rule for the Expanding the transmission ring-fencing framework rule change published in February 2024.

CEIG represents domestic and global renewable energy developers and investors, with more than 16GW of installed renewable energy capacity across more than 76 power stations and a combined portfolio value of around \$38 billion. CEIG members' project pipeline is estimated to be more than 46GW across Australia. CEIG strongly advocates for an efficient transition to clean energy with a focus on the stakeholders who can provide the cost-effective capital required for this transition.

Key Points

- CEIG **supports the AEMC's proposed rule change** as it aligns with the objectives of **fostering an efficient, competitive, and transparent energy market** conducive to the expansion and integration of renewable energy and storage solutions.
- **CEIG supports giving the AER the power to establish rules separating the regulated and competitive activities of TNSPs** in contracting for grid connection services, contributing to improved efficiency in the connection process, which remains a critical issue for CEIG's Members.
- CEIG seeks further clarification on **how the AEMC proposes to address the management of BESS assets specifically.**

Background

The proposed rule change seeks to grant authority to the Australian Energy Regulator (AER) to impose obligations on Transmission Network Service Providers (TNSPs). The aim is to mitigate the risks associated with potential discriminatory practices in offering negotiated and non-regulated transmission services. This rule change is intended to address concerns that a primary TNSP might exploit its position to unfairly disadvantage competitors in the contestable connection services market, potentially resulting in elevated costs and delays for those utilising third-party services.

This change is designed to address concerns that a primary TNSP could leverage its position to disadvantage competitors in the market for contestable connection services, which may lead to increased costs and delays for those engaging third-party services.

General comments

CEIG supports the AEMC's proposed rule change as it aligns with the objectives of fostering an efficient, competitive and transparent energy market conducive to the expansion and integration of renewable energy and storage solutions. The focus on how generators connect to networks is crucial with the increasing prevalence of large-scale solar, wind, and storage projects.

CEIG supports giving the AER the power to establish rules ring-fencing the regulated and competitive activities of TNSPs in contracting for grid connection services, contributing to improved efficiency in the connection process, which remains a critical issue for CEIG Members.

CEIG notes that the draft rule promotes improved market outcomes in several key aspects:

- **Promotion of fair competition:** Mitigates the risk of discriminatory practices, ensuring equal opportunities for renewable energy and storage developers in engaging with third-party providers for connection services.
- **Cost and time efficiency:** Creating a level playing field reduces potential additional costs and delays, offering renewable energy and storage investors streamlined and predictable connection processes.
- **Market confidence:** A well-regulated and non-discriminatory market is a lower-risk environment which boosts investor confidence.
- **Contribution to decarbonisation goals:** Effective competition supports broader decarbonisation targets by facilitating the efficient connection of more renewable energy projects to the grid.
- **Alignment with the National Electricity Objective (NEO):** Enhances market efficiency, regulatory certainty and the competitive landscape, all of which align with the NEO.

Ring-fencing and battery storage

In the previous consultation on the draft Ring-fencing Guideline conducted by the AER, CEIG raised concerns around the connection process of Battery Energy Storage Systems

(BESS) assets owned by TNSPs¹. We emphasised the need for stringent guidelines, especially concerning the potential favourable treatment of BESS assets during the grid connection process, which can be both costly and time-consuming. CEIG underscored the importance of strict waiver application procedures and suggested that TNSPs demonstrate that they have gone through the market for services and batteries, and that waiver applications should be made public and open to public comments for transparency.

Recognising the crucial requirement for substantial investment in storage within the NEM, as outlined in the draft 2024 Integrated System Plan (ISP)², we stress the need to improve the bankability of storage and ensure fit-for-purpose approvals for storage to facilitate timely and effective investment³. Energy market reform is vital for investors to ensure the timely investment and deployment of these energy storage assets to support the reliability and security of the grid as the fleet of ageing coal fired generators exit the market. CEIG seeks further clarification on how the AEMC proposes to address the management of BESS assets specifically.

CEIG thanks the AEMC for the opportunity to provide feedback on consultation paper on Expanding the transmission ring-fencing framework rule change and looks forward to continued engagement on those issues. Our Policy Director can be contacted at marilyne.crestias@ceig.org.au if you would like to further discuss any elements of this submission.

Yours sincerely,



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¹ [CEIG \(Dec-22\) Response to Draft Ring-fencing Guideline \(Electricity Transmission\)](#)

² [AEMO \(Dec-23\) Draft 2024 Integrated System Plan \(ISP\)](#)

³ [CEIG & Nexa Advisory \(Mar-24\) Energy Storage Financeability in Australia](#)