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James Hay
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Dear Mr Hay

Submission to Electricity Infrastructure Roadmap Consultation Tranche 3 Papers

We support the intent of the Electricity Infrastructure Roadmap (**the Roadmap**) and thank the Department of Planning, Industry and Environment (**the Department**) for the opportunity to provide feedback on the Infrastructure Safeguard Paper (**Part 6**) and Electricity Infrastructure Fund Paper (**Part 7**). Please find our feedback below.

Part 7 – Electricity Infrastructure Fund

- **Communicating Roadmap costs to customers should be via option 3.**[1] Providing Roadmap cost information under option 3 should occur as a line item on each energy bill as well as an initial bill insert. We understand that energy retailers may be concerned about the costs of making changes to energy bills, however we note that retailers will likely need to make significant changes to their billing platforms to accommodate the Australian Energy Regulator's (**AER**) Better Bills Guideline. This will align well with the timing for the Roadmap, as the AER must develop and publish the Better Bills Guideline by 1 April 2022 and retailers must comply by 4 August 2022. We refer to our September 2021 submission to the AER's Better Bills Guideline Consultation Questions 2021 for more details (**attached**).
- **Options 7 and 4 should be the methodologies considered for apportioning contributions from network businesses.** Option 7 (energy delivered to the network area (volumetric) and peak demand) is the most cost-reflective however option 4 (energy delivered to network area (volumetric)) is simpler to administer and is also consistent with how Ausgrid allocates its portion of the Climate Change Fund across its customer base. We are seeking a consistent approach for these recoveries across all jurisdictional schemes and therefore option 4 is the preferred method.
- **Industry exemptions from the Roadmap should be administered by the Department via a rebate process.** As Ausgrid is not responsible for the Roadmap nor determining the eligibility criteria for scheme exemptions, the process is best managed by the NSW Government. We recommend that the Department develop a process akin to the Seniors Energy Rebate, whereby exempt customers apply to the NSW Government to receive their

[1] Option 1: Status quo (regulator annual report and standard NSW Government communications); Option 2: Status quo and website; and Option 3: Status quo, website and bill information.

exemption as a dollar payment rebate. The NSW networks could assist the Department with verification of rebate amounts passed through to the customers' retailer(s) in the prior 12 months.

We do not recommend that network businesses manage eligibility and apply the exemption on network bills sent to retailers, as this significantly increases administration costs and complexity. For example, an exempt customer may have a portfolio of sites within the Ausgrid network. Applying an exemption to specific sites will be problematic and is not recommended.

- **Smoothing should be used to result in least impact to energy customers**. We support a smoothing mechanism to reduce the risk of price shock for energy customers. However, we note also that the Roadmap costs are dependent on wholesale market movements and these are difficult to forecast with accuracy. A three-year forecast of the electricity market is unlikely to be more accurate than a two or one-year projection. Consideration should be given to the benefits of smoothing cycles of varying length, including potentially a shorter cycle of 2 years.
- **Robust and cyber secure processes required for processing the Scheme.** We recommend a secure SharePoint file transfer occur, with delegations and approvals for the request. This mitigates the risk of phishing schemes and single point of contact. We recommend using more secure file transfer platforms than email such as a secure and designated SharePoint folder for each network business.
- **Early forecasts of the scheme contributions should be provided to support Ausgrid's customer consultation** Ausgrid is currently preparing its 2024-29 Tariff Structure Statement (**TSS**) and will be consulting with customer representatives and retailers on its indicative network prices and potential bill impacts through to 2029. We suggest that annual forecasts of Roadmap contributions be made available early in 2022 to support this engagement. If this information was not made available until the release of contribution orders (in early 2023), the customer bill impacts would not form part of our next TSS or consultation process. This omission would not be in the long term interest of NSW electricity consumers.
- **The scheme should allow for two-way flows of funds back to consumers and a minimal threshold should be set for credits back to consumers.** We recommend setting the threshold at the lowest possible level will enable positive communications back to energy customers about when they are getting returned money from the fund as frequently as possible. Setting the threshold at a higher threshold could lead to a low frequency for these positive communications. The flow of Roadmap funds back to customers should be reflected in the Better Bills Guideline work so customers can see when they are receiving credits back from the Roadmap.

Part 6: Infrastructure Safeguard

- **Distribution network level community batteries should be considered as 'outstanding merit' projects recommended for development outside of renewable energy zone boundaries (REZ).** We recommend that the Department consider how these types of community batteries could qualify for 'outstanding merit' projects as part of developing its tender design paper. Community batteries are strong candidates to be considered for 'outstanding merit' projects as they are flexible network assets that could allow more low-cost solar energy to be used while providing optionality for responding to increased loads from higher electrification. This proposal would benefit renewable energy take up in the distributed energy sector while offering greater system security for the grid.
- **Balancing customers' interest with investors' interests.** As noted in our September 2021 submission on the Long Term Energy Service Agreement (**LTESA**) design principles, the papers focus disproportionally on mitigating the risk for investors. We again recommend that the Department also consider consumer interests. Specifically, we suggest consumer advocates be engaged directly to understand a more balanced weighting of interests. These views should then be communicated publicly to other stakeholders.
- **Sunset clauses in the regulations for developing new LTESAs.** The paper does not specify when LTESAs will be phased out. The Department should consider a sunset clause on new LTESAs once a REZ has attracted a quantum of investors to enable the viability for future investors. This will ensure that investment in the REZs is not subsidised longer than necessary.
- **The Consumer Trustee should have clear obligations, processes, KPIs and penalties for consultation.** Consulting with energy customers, industry and local communities will be a critical factor for the success of the REZs and LTESAs. For example, the regulations could specify KPIs for the Consumer Trustee with financial penalties if they are not met. These KPIs could require the Consumer Trustee to prove that it obtained the social license required for the projects under the LTESAs through undertaking thorough and meaningful consultation with stakeholders.
- **Duplication of costs, and costs generally, should be minimised wherever possible**: We encourage the Department to consider how it can mitigate the risk of process duplication and therefore costs for customers arising out of the Roadmap. For example, duplication could occur across multiple functions, such as energy market modelling with AEMO. Diverging from the existing Integrated System Planning modelling should only occur where there is a demonstrated net benefit to customers.

Please contact Naomi Wynn, Manager, Regulatory Policy, if you require any further details or clarification at [redacted]

Regards,

Rob Amphlett Lewis
Chief Customer Officer