

Electricity Infrastructure Fund Policy Paper: Consultation submission form

This form is to be used to provide feedback on a series of questions included in the [Electricity Infrastructure Fund Policy Paper](#) to help inform the development of the regulations. The Electricity Infrastructure Fund Policy Paper considers detailed policy options to support Part 7 of the *Electricity Infrastructure Investment Act 2020* (NSW) (EII Act).

Please see the [Electricity Infrastructure Roadmap webpage](#) for more information.

Consultation questions

You do not need to answer every question. Please answer the questions of interest to you.

Chapter numbers indicate the location of questions in the policy Paper.

Please make your submission by **5pm on Wednesday 27 October** to

Electricity.Roadmap@dpie.nsw.gov.au.

Confidentiality and submissions

Providing submissions is entirely voluntary, is not assessable, and does not in any way include, exclude, advance or diminish any entity from any future procurement or competitive process regarding the Electricity Infrastructure Roadmap, or any other NSW programs.

All submissions will be made publicly available unless the stakeholder advises the Department not to publish all or part of its submission. Authors may elect for some or all of their submission to be kept confidential. If you wish for your submission to remain confidential please clearly state this in your submission.

Your details

Submission type	<input type="checkbox"/> Individual <input checked="" type="checkbox"/> Organisation <input type="checkbox"/> Other Click or tap here to enter text.
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Stakeholder group	<input type="checkbox"/> Generation or storage infrastructure provider <input checked="" type="checkbox"/> Electricity consumer or representative body

	<input type="checkbox"/> Network infrastructure provider <input type="checkbox"/> Energy retailer <input type="checkbox"/> Government or market institution <input type="checkbox"/> Individual <input type="checkbox"/> Other (please specify) Click or tap here to enter text.
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Questions

Table 1

Questions related to the guiding principles	
Question 1: Do you agree with the proposed guiding principles? Are there other principles which should be considered?	<p>The Public interest Advocacy Centre (PIAC) supports the proposed guiding principles in support of the assessment of policy positions for distribution business cost recovery.</p> <p>PIAC also supports the inclusion of the guiding principles in the Regulations. This will provide protection, transparency, fairness, and certainty for consumers on the apportionment of distribution business contributions.</p>
Question related to the approach for measuring and apportioning costs	
Question 2: Do you agree that apportioning contributions from distribution businesses based on a mixture of energy delivered and peak demand best aligns with the guiding principles? Is there a better option? Why is it better?	<p>PIAC agrees that option seven most closely aligns with the guiding principles.</p> <p>Costs passed through to consumers should be reflective of that class of consumers' use of the network, based on energy delivered and peak demand.</p> <p>Where a consumer does not have a smart meter, it is proposed that usage of the network will be estimated based on energy consumption. Network usage estimation modelling should be part of the Australian Energy Regulator's (AER) network distribution determinations.</p> <p>It is worth noting that IPART's 2020-2021 retail electricity market monitoring preliminary report advises that currently, about 23% of all customers have smart meters in NSW, ranging between 21% to 25% between the three NSW network areas, therefore, estimations based on usage may be phased out over time.</p>

	<p>The Australian Energy Market Commission (AEMC) is currently in the process of investigating impediments to an efficient and timely roll-out of smart meters as part of their review into the regulatory framework for metering services.</p> <p>Additionally, it is PIAC's position that distribution businesses should alleviate the extra burden of the proposed cost pass-throughs via their respective established hardship policies, for consumers experiencing hardship, and those at risk of hardship. This requirement should be embedded within the regulations.</p>
Questions related to the smoothing of cost recovery and hardship provisions	
<p>Question 3: Do you agree contributions from distribution businesses should be paid quarterly to minimise working capital for distribution businesses? Will monthly payments become less problematic in the future?</p>	<p>PIAC believes option 1: Monthly payments is the better option.</p> <p>Although this option increases administrative interactions to the financial vehicle, it aligns with the payment frequency of retailers to distribution businesses, aligns with customers on monthly billing arrangements, and exposes consumers to the least credit risk and lowest periodic cost.</p>
<p>Question 4: Do you agree the Scheme Financial Vehicle should use a loan facility to smooth costs over time? If not, why?</p>	<p>PIAC agrees that the scheme financial vehicle should use a loan facility to smooth costs over time.</p> <p>If this option is implemented, PIAC agrees Governance principles and liability thresholds should be established to guide the Scheme Financial Vehicle on when to access a loan facility, with loan terms and interest rates having regard to consumers' best interests.</p>
<p>Question 5: Do you agree a 3-year rolling average (1 year lagging and 2 years leading) is the best way to ensure adequate funds are available while also smoothing costs for consumers?</p>	<p>PIAC agrees that a 3-year rolling average (1 year lagging, and 2 years leading, is an appropriate mechanism to limit the risks associated with high wholesale pricing and frequent wholesale pricing fluctuations for consumers and will allow consumers to realise the Roadmap gains sooner.</p> <p>Price stability is fundamental to optimal retailer operations and provides the ability for consumers, particularly consumers experiencing hardship, to plan and budget for their energy costs.</p>

<p>Question 6: Do you agree the scheme should provide for a negative contribution amount? What threshold should be set for applying a negative amount?</p>	<p>PIAC agrees Negative Contribution Determinations are beneficial to offset the cost of higher wholesale prices and benefit consumers by crediting Roadmap costs during high wholesale costs.</p> <p>PIAC agrees for consumers to maximise the benefit of the offset mechanism, the benefit should be passed back through to consumers in the same year it occurs.</p> <p>In PIAC's view, an appropriate threshold should be set for providing credit to customers and to guide any credit process. This threshold could be determined by the Consumer Trustee.</p>
<p>Questions related to transparency of costs and benefits to consumers</p>	
<p>Question 7: Do you agree it is important for consumers to understand the component parts of Roadmap scheme costs (e.g. payments under LTES Agreements compared to network infrastructure)?</p>	<p>In PIAC's view consumers have the right to transparency concerning the components of the costs they pay for their electricity service.</p>
<p>Question 8: How can the benefits of the Roadmap be assessed and communicated, ensuring the information is up to date, accepted by stakeholders, relevant for consumers and without significant administrative burden?</p>	<p>Please see question 9 below.</p>
<p>Question 9: Do you agree a mixture of annual reports, website(s) and bill information is the best way to inform consumers about the benefits and costs of the Roadmap? Is there a simple way to provide bill information?</p>	<p>Option 3 – Status quo, website and bill information in various formats.</p> <p>Bill information is the most reliable option to ensure Roadmap information is communicated to consumers.</p> <p>Many consumers are unable to engage with the information via other means as they are not aware or have no reliable means to access websites and press releases. This can be particularly true for vulnerable consumers and those experiencing hardship.</p>
<p>Questions related to exemptions</p>	
<p>Question 10: Do you agree with exempting entities up-front or</p>	<p>PIAC does not support exempting any entities who are expected to benefit from the roadmap through lower</p>

Electricity Infrastructure Roadmap

Consultation submission form



would you prefer a rebate approach? Why?	wholesale energy costs and does not favour one rebate approach over another.
Question 11: If exemptions were administered on a proportional scale (between 0 and 100 per cent), how could we categorise which entities should be subject to which level of exemption?	PIAC does not support exempting any entities who are expected to benefit from the roadmap through lower wholesale energy costs as the result of the roadmap. The scale and categorisation for exemptions should reflect that the quantum of any entity's exemption should be no greater than the wholesale cost benefit they receive as a result of the roadmap.
Question 12: Do you agree green hydrogen production should be treated in the same way as other emissions intensive and trade exposed industries, or should it be treated differently?	PIAC does not agree Hydrogen production facilities or other industries should be exempted.
Question related to the Fund administration (financial reporting)	
Question 13: Do you agree the options outlined are an effective approach for financial reporting for the Fund? Are there any additional considerations?	PIAC agrees with the financial reporting approach outlined in the consultation paper. We also consider that any financial reporting requirements should be embedded within the regulations.

Supporting information

<p>If you have additional information you would like to provide to support your views, please provide it here.</p> <p>If you have additional documents to provide to support your views, please email it with your submission.</p>	
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Confidentiality and submission publication preferences

Please indicate your publication preferences (select one option only).

☒ **Option 1: Non-confidential submission**

Your submission will be published on the Department's website. Your personal contact information (such as phone number and email address) will be redacted.

☐ **Option 2: Confidential submission**

Your submission will **not** be published on the Department's website. The name of your organisation will be published.

Some confidential submissions **may** be shared with the following entities:

- the Australian Energy Market Operator, Energy Security Board, Australian Energy Market Commission, Australian Energy Regulator, Independent Pricing and Regulatory Tribunal or the Australian Competition and Consumer Commission
- TransGrid, the Clean Energy Finance Corporation or the Australian Renewable Energy Agency or distribution network service providers
- the entities appointed or to be appointed under the EII Act (Consumer Trustee, Financial Trustee, Scheme Financial Vehicle and Regulator).

☐ **Option 3: Anonymous and confidential submission**

Your submission will **not** be published on the Department's website. The name of your organisation will **not** be published.

Your submission will **not** be shared with the with the following entities:

- the Australian Energy Market Operator, Energy Security Board, Australian Energy Market Commission, Australian Energy Regulator, Independent Pricing and Regulatory Tribunal or the Australian Competition and Consumer Commission
- TransGrid, the Clean Energy Finance Corporation or the Australian Renewable Energy Agency or distribution network service providers
- the entities appointed or to be appointed under the EII Act (Consumer Trustee, Financial Trustee, Scheme Financial Vehicle and Regulator).

The Department will redact personal details from submissions made by individuals to protect personal information. In the absence of an explicit declaration to the contrary, the Department will assume that information provided by respondents is not considered intellectual property of the respondent.

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- other parties where authorised or required by law to be disclosed.

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Electricity Infrastructure Roadmap

Consultation submission form



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