

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.
Author name	Andrew Richards
Organisation	Energy Users Association of Australia
Author title	CEO
Phone	
Email	
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.
--	--

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>We agree with the proposed principles; it would be helpful to have more guidance on what 'equitable' means eg does it mean that the costs should be the same \$ amount per kWh for all consumers small and large (apart from ETIE)? The exclusion of ETIE customers has already introduced a new definition of 'equity'.</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>While we can understand the attractions of the Department's preferred Option 7, we are concerned that the relatively small penetration of smart meters in NSW may create significant administrative issues for DNSPs and hence Option 4 may be the preferred approach until say a particular threshold of smart meters penetration is achieved.</p> <p>We agree with the Department's view that DNSPs apportion costs across their customers according to AER approved TSSs.</p> <p>The SFV should seek to provide estimates of the scheme contributions no later than mid 2022 so that they can be part of DNSP's engagement on their 2024-29 TSSs to be submitted to the AER in January 2023.</p>
Questions related to the smoothing of cost recovery and hardship provisions	
Question 3: Do you agree contributions from distribution businesses should be paid quarterly to minimise working capital for distribution businesses? Will monthly	<p>Yes, we agree on quarterly.</p>

payments become less problematic in the future?	
Question 4: Do you agree the Scheme Financial Vehicle should use a loan facility to smooth costs over time? If not, why?	Yes
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?	We can appreciate that, given the uncertainty around LTES payments, it will be difficult for the SFV to make an accurate contribution order. We support the concept of smoothing the payments to minimise bill shock. We would support giving the SFV some limited discretion in how it sets the order rather than being constrained to a deterministic three year rolling calculation.
Question 6: Do you agree the scheme should provide for a negative contribution amount? What threshold should be set for applying a negative amount?	Yes – the amount should be passed back as soon as possible to consumers. Any threshold for that pass back should be low.
Questions related to transparency of costs and benefits to consumers	
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)?	Yes; the driver should be the maximum transparency possible; consumers are being asked to underwrite this policy on the promise of much lower prices and so they should be fully informed about what actually is occurring and how it compares with what was promised at the time of the legislation passing Parliament; this would occur through AER better bill guidelines for residential and small business; including Roadmap costs as a line item on energy bills and insert on explanation of roadmap in bill.
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>We favour Option 3 – status quo (annual report) + website + bill information + bill inset to explain the line item; this would be for all consumers, small (developed through the AER's Better Bills Guideline) and large</p> <p>We do not think this goes against the 'simple' principle; the Roadmap is a very significant measure that involves the expenditure of billions of dollars and has had and will have significant community discussion in the future. Consumers will want to know that it is delivering the benefits promised. Also having the bill as a separate line item will provide information to consumer advocates to be able to better engage with their constituency to explain the Roadmap benefits.</p>

	In the annual report/website it would compare the forecast retail price shown as the blue line in Figure 3 p.2 with the actual retail price; it would also compare the annual costs of the three components of scheme costs in Figure 4 with the actual costs
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?	Yes we agree that is the best way – why we support Option 3; see previous answer
Questions related to exemptions	
Question 10: Do you agree with exempting entities up-front or would you prefer a rebate approach? Why?	We prefer a rebate approach for ETIE industries. This should be administered by the State Government via the SFV. This avoids DNSPs bearing an administrative burden where there are multiple ETIE sites across the State.
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?	<p>The rules around which companies are exempt and the level of exemption should be made now and not at some time in the future. As the Policy Paper notes, the more exemptions the more the burden falls on those consumers who are not exempt. We are concerned that non ETIE companies may seek to connect to the transmission network to avoid the charge.</p> <p>Given the expectation of falling wholesale costs from the Roadmap, we would expect that the level of exemption for ETIE industries will fall over time. After all the reason for ETIE exemptions under the CPRS was to avoid them having to pay higher electricity costs that would decrease their international competitiveness. Price falls under the Roadmap will increase their international competitiveness – with the ‘cost’ of those lower wholesale prices being paid by non-ETIE consumers.</p> <p>For the same reason we consider there is a case for ‘grandfathering’ existing ETIE consumers at a particular time eg when the regulations under the legislation come into effect. Why do ‘future ETIE’ need a rebate when they will face substantially lower electricity costs under the Roadmap forecasts? Why should non-ETIE consumers subsidise ‘future ETIE’ consumers?</p>

	We agree with the Regulator administering the exemptions framework.
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?	No we do not. This just increases the burden on remaining consumers. Despite the almost daily reports on the potential for hydrogen, there is still considerable uncertainty around the economics of hydrogen. If the NSW Government thinks hydrogen has a bright future then it can directly subsidise the industry's Roadmap costs out of the budget rather than out of consumers' pockets.
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?	

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>	
--	--

Confidentiality and submission publication preferences

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

<p><input checked="" type="checkbox"/> Option 1: Non-confidential submission</p> <p>Your submission will be published on the Department's website. Your personal contact information (such as phone number and email address) will be redacted.</p>
<p><input type="checkbox"/> Option 2: Confidential submission</p> <p>Your submission will not be published on the Department's website. The name of your organisation will be published.</p> <p>Some confidential submissions may be shared with the following entities:</p> <ul style="list-style-type: none">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.

The Department may disclose confidential information provided by you to the following parties:

- NSW Government departments, NSW Ministers and Ministers' Offices
- the NSW Ombudsman, Audit Office of NSW or as may be otherwise required for auditing purposes or Parliamentary accountability
- other parties where authorised or required by law to be disclosed.

Where the Department discloses this information to any of these parties, it will inform them that the information is strictly confidential. The Department may publish or reference aggregated findings from the consultation process in an anonymised way that does not disclose confidential information.

We may be required to release the information in your submission in some circumstances, such as under the *Government Information (Public Access) Act 2009*.

Electricity Infrastructure Roadmap

Consultation submission form



The information contained in this publication is based on knowledge and understanding at the time of writing (September 2021) and may not be accurate, current or complete. The State of New South Wales (including the NSW Department of Planning, Industry and Environment), the author and the publisher take no responsibility, and will accept no liability, for the accuracy, currency, reliability or correctness of any information included in the document (including material provided by third parties). Readers should make their own inquiries and rely on their own advice when making decisions related to material contained in this publication.