



Clean Energy Investors say ESB proposed reforms will further distort market signals and fail to address investor risk

Sydney, 29 July 2020: The [Clean Energy Investor Group](#) (CEIG) today said proposals for a Physical Retail Reliability Obligation would further distort investment signals in the NEM and compound risks faced by renewable energy investors from grid congestion and connection delays.

Responding to media reporting of the Energy Security Board's (ESB) recommendations on Post 2025 Market Design, CEO of the Clean Energy Investor Group, Mr Simon Corbell said:

"A Physical Retail Reliability Obligation with a capacity market means thermal generation will be encouraged to stay in the system longer. This further compounds the risks faced by investors in committing to new clean energy projects due to grid congestion and connection delays." Mr Corbell said.

"Australia does not have an agreed plan for the exit of thermal generation from the NEM. A PRRO will add to this uncertain investment environment and increase risk as a result."

"Too many clean energy projects cannot currently reach final investment decision or face potential additional costs and delay if they do proceed. The ESB recommendations, as reported today, do nothing to fix these problems," he said.

"Clean energy investors are ready to deploy substantial amounts of capital to accelerate Australia's clean energy transition but the level of uncertainty they face due to grid congestion and connection delay means Australia is not building the amount of renewable energy we need for the future"

"It also means it is more expensive to build renewable energy in Australia than it is in other markets."

"Without a clear focus on the cost of capital implications of its proposed congestion management reforms the ESB recommendations will fail to address the key issues of concern to investors and Australia's electricity market will continue to face significant investment uncertainty", he said.

"In particular the ESB's continued preference for Locational Marginal Pricing (LMP's) and Financial Transmission Rights (FTR's) will only push up the cost of capital for clean energy projects, making the energy transition more expensive for consumers and governments."

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About the Clean Energy Investor Group

The [Clean Energy Investor Group](#) represents 17 domestic and global investors with a combined Australian portfolio value of over A\$9 billion and a total of 49 clean energy assets under management. It is an investor body, representing the unique perspective of clean energy investors to regulators, policy makers and the broader energy sector.