



**Clean Energy
Investor Group**

ISP Step Change welcomed by investors but immediate risks remain and investment stalled

Embargoed until 14 February 2022, Canberra: The first Clean Energy Investment Confidence Survey since the publication of the new draft Integrated System Plan (ISP) has been released and it shows that investors welcome the Step Change scenario but need reforms to outdated market rules that are holding back investment.

Simon Corbell, CEIG CEO said “The Q2 FY 2021-22 Clean Energy Investment Confidence Survey shows that investors remain concerned that the pace of regulatory and policy reform is not facilitating the level of investment needed to realize the Step Change scenario.

“The bottom line is investment in renewable energy projects in Australia continues to fall behind. This will make it harder for Australia to realize the Step Change scenario in the time required.

“Unless we accelerate development of clean energy generation and the necessary transmission infrastructure, the continued early closure of coal could result in a disorderly and expensive transition.

“The Australian Energy Market Operator’s (AEMO) draft 2022 ISP shows that the energy transition is proceeding faster than predicted. It makes a ‘Step Change’ scenario the central assumption for the future planning of the National Electricity Market (NEM) and investors have welcomed this decision.

“In August 2021, CEIG called for the adoption of a stronger ISP scenario to help bring the NEM into alignment with international investor sentiment. CEIG strongly welcomes AEMO’s adoption of the Step Change scenario for planning purposes.

“CEIG finds that investor confidence is unchanged this quarter. Investors report that the risk premium on the cost of equity is unchanged or worse. While investors welcomed the stronger Step Change ISP scenario, they report that the overall direction of reform in the NEM is unchanged and remain concerned about slow market reform.

“The key outstanding risks for investors are complex and lengthy transmission development processes, the proposed introduction of locational marginal pricing and lack of reform to the marginal loss factor mechanism.

“CEIG members surveyed have reported Q2 of FY 2021-22 saw a small number of project additions to the NEM with a 50 MW transaction and two transactions of unspecified capacity,” said Mr Corbell.

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Attachment: Q2 FY 2021-22 Clean Energy Investment Confidence Survey Results.pdf

Survey questions available on request.