



Media Release

Clean energy investors release alternative approach to manage grid congestion and improve investor confidence

8 April 2022, Canberra: Clean Energy Investor Group (CEIG) has today released its Grid Access Reform proposal to the Energy Security Board (ESB) Post 2025 market design process.

The reform would deliver a significant reduction in risk for clean energy projects by providing a long term locational signal for new generation investment, allowing investors to know what level of curtailment a project will face before making a final investment decision on a project.

The reform incentivises investors to either locate projects where there is sufficient existing or planned transmission capacity to avoid curtailment or alternatively to consider energy storage or grid augmentation investments to access the necessary level of grid capacity and address network constraints.

The Grid Access Reform proposes the establishment of a physical access rights regime which provides predictable grid access rights to generators and energy storage operators, allowing them to forecast with improved certainty their capacity to dispatch (subject to bid price) over the life of their asset.

The Grid Access Reform proposal has been developed with the support of international energy advisory firm Castalia, who were commissioned by CEIG to develop the alternative approach.

CEIG's Grid Access Reform proposal forms investors response to the problems presented by the ESB's proposed Congestion Management Mechanism (CMM), which has raised significant industry concerns.

"A key factor for investors when considering whether to invest in a clean energy project is the relative certainty of future revenue streams associated with the project over the life of the proposed asset," CEIG CEO Simon Corbell said today.

"The current open access regime is not fit for the future NEM as it does not provide sufficient long-term revenue certainty."

"The Clean Energy Investor Group's (CEIG) grid access reform addresses these issues by sending a stronger locational signal to generators and by providing better information on their risk of being curtailed."

"The reform also proposes that a generator can fund transmission investment to improve their dispatch position, where there is no existing or planned transmission capacity available.

“The higher revenue certainty investors will gain from our reform will reduce the risks clean energy projects currently face in the Australian market, lowering the cost of capital and overall costs for consumers.

“We are looking forward to our model being included in the ESB’s forthcoming consultation paper on alternatives to the congestion management mechanism when it is released.” Mr Corbell concluded.

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For further information on the CEIG Grid Access Reform proposal

<https://ceig.org.au/wp-content/uploads/2022/02/2022-02-23-Report-on-Transmission-Access-Reform.pdf>

About the Clean Energy Investor Group

The Clean Energy Investor Group represents 18 domestic and global investors with a combined Australian portfolio value of over A\$24 billion and more than 70 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.

<https://www.ceig.org.au/>