



## **“No time to waste”: Clean energy industry calls on Ministers to take decisive action on proposed transmission access reforms**

*24 January 2023, Melbourne:* Australia’s leading peak bodies for the clean energy industry are urging Ministers to unlock grid congestion and accelerate the decarbonisation of the energy system.

The Clean Energy Investor Group (CEIG), the Smart Energy Council (SEC) and Nexa Advisory (Nexa) are calling on state and federal energy ministers to take decisive action that will advance the transition to renewable energy and lower costs for consumers.

In late 2022, the Energy Security Board (ESB) released a Directions Paper which outlined its thinking for ways to reform the access regime for the National Electricity Market (NEM).

For the first time, industry-led proposals were shortlisted as options for reform. CEIG, Nexa and SEC have all actively participated in the ESB’s process throughout 2022 at the highest level, helping to achieve this outcome.

Energy Ministers are expected to make key decisions on these reforms at their February Ministerial meeting.

“There is no time to waste. Australia previously lagged for over a decade on clean energy reforms. There has been progress on transmission access policy and with the current momentum, there is an opportunity to accelerate the decarbonisation of Australia’s energy system, resulting in cleaner and cheaper energy for consumers,” said Simon Corbell, CEIG CEO.

“Ministers can send a strong signal at their February meeting by rejecting disruptive locational marginal pricing reforms once and for all. Locational marginal pricing puts a handbrake on the much-needed development of solar farms and wind farms. The smart energy industry looks forward to working collaboratively with all Australian Governments in 2023 to further develop transmission access reforms,” said Wayne Smith, SEC Acting Chief Executive.

“Locational Marginal Pricing will lead to increase bills for residential and business consumers, while not directly addressing the congestion it aims to help solve,” Ms Bashir said.

“It will have negative impacts on financial markets and would increase the risks for investors, thereby creating a barrier between customers and new, low-cost energy.”

The recommendations to Energy Ministers include:

- **Implement the proposed Enhanced information program as soon as possible**

We urge Ministers to task the market bodies with establishing the proposed Enhanced information program. This reform will provide generators with additional information on expected network capacity and congestion to make better decisions on where to locate in the grid. It has broad support across all stakeholders, and it can go a long way towards providing a valuable signal for generators.

- **Reject reforms that include Locational Marginal Pricing (LMP)**

The renewable energy industry has long been vocal against LMP-based reforms which would create uncertainty and increase costs for consumers. Industry does not support the ESB’s Congestion Management Model and Energy Ministers should reject LMP-based reforms.

- **Continue development of a voluntary Congestion Relief Market (CRM)**

Through the creation of a new market to trade congestion relief behind a constraint, the CRM model can offer new ways to decrease congestion in the grid. We support further development of the CRM model.

- **Continue development of a Priority access model**

A Priority access model can avoid creating congestion in the first place by providing a long-term signal to generators on where to invest in new generation capacity. We support further development of the Priority access model that ensures there is a fair allocation of risks between existing and new plants so that new investment is not disincentivised.

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#### About CEIG

CEIG represents domestic and global renewable energy developers and investors, with more than 16GW of renewable energy capacity in the NEM (or 40%), across more than 76 power stations, and a combined portfolio value of more than \$38 billion. CEIG members’ project pipeline is estimated to be more than 46GW across Australia.

#### About SEC

The Smart Energy Council is an independent peak body for the renewable energy and renewable hydrogen. The Smart Energy Council has around 1,000 members, including

largescale renewable energy project developers, owners and investors, manufacturers, distributors and installers.

#### About Nexa Advisory

Nexa is a full-service advisory firm. Nexa works with public and private clients including renewable energy developers, investors and climate impact philanthropists to help accelerate the clean energy transition. Nexa has been shaping the energy industry for over 20 years. With a proven track record across policy creation, advocacy, political risk assessment and project delivery, Nexa is holistic in its approach and delivers solutions with commercial intent.

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