50 Camberwell Road Hawthorn East VIC 3123

13 November 2024

Mr Mark Feather
General Manager Policy
Australian Energy Regulator
Lodged via email to: AERringfencing@aer.gov.au

Dear Mr Feather,

Response to AER's Issues paper on the Ring-fencing guideline (electricity transmission)

The Clean Energy Investor Group (CEIG) welcomes the opportunity to provide feedback on the Australian Energy Regulator's Issues paper on the Ring-fencing guideline (electricity transmission) published in October 2024.

CEIG represents domestic and global renewable energy developers and investors, with more than 16GW of installed renewable energy capacity across more than 76 power stations and a combined portfolio value of around $38 billion. CEIG members' project pipeline is estimated to be more than 46GW across Australia. CEIG strongly advocates for an efficient transition to a clean energy future on behalf of the investors who will provide the low-cost capital required for this transition.

Key Points

- **CEIG supports updates to the ring-fencing guidelines that improve the efficiency, competitiveness, and transparency of the energy market.**
- **Ring-fencing provides value to clean energy investors by creating fair, competitive, and predictable market conditions that build investment confidence and lower project risks.**
- Clear separation between regulated and competitive activities **creates predictable guidelines that help clean energy investors make informed, long-term decisions,** reducing risks related to delays, additional costs, or biased treatment.
- CEIG highlights the critical **role of ring-fencing in preventing anti-competitive practices in grid connections for BESS, and advocates for transparent and strict waiver procedures.**
- **CEIG seeks clarity on the AER's approach to managing BESS assets.**

- We propose that obligations within the guideline **apply universally to all negotiated services where competition and transparency are relevant.**
- **CEIG supports extending the non-discrimination provision** to explicitly prohibit TNSPs from showing discrimination in providing negotiated transmission services.
- **CEIG supports extending the definition of ring-fenced information** to include electricity data acquired through negotiated transmission services.
- **CEIG supports additional reporting requirements** for TNSPs on negotiated transmission services.

GENERAL COMMENTS

CEIG has previously supported updates to the ring-fencing guideline that aim to improve competition[1,2,3]. We support efforts to improve the efficiency of the connection process, as this remains a critical issue for our Members.

CEIG understands that the Issues Paper serves as an initial consultation to help the AER develop specific proposed changes, which will then undergo further consultation. CEIG looks forward to reviewing more detailed proposals as they become available.

The value of ring-fencing regulations for investors

Ring-fencing provides value to clean energy investors by creating fair, competitive, and predictable market conditions that build investment confidence and lower project risks.

By restricting transmission network service providers (TNSPs) from favouring their own or affiliated competitive services, ring-fencing can ensure equal access to network services for clean energy and storage developers. This clear separation between regulated and competitive activities creates predictable guidelines that help clean energy investors make informed, long-term decisions, reducing risks related to delays, additional costs, or biased treatment.

Ring-fencing and battery storage

CEIG also underscores the importance of ring-fencing in preventing anti-competitive practices, especially in cases where TNSPs manage grid connections for Battery Energy Storage Systems (BESS) assets. Currently, the preferential treatment of BESS assets during the grid connection process can increase costs and create delays. To ensure fairness, CEIG advocates for transparent and strict waiver application procedures, which would require TNSPs to utilise the market for services such as batteries. CEIG also seeks further clarity on the AER's approach to managing BESS assets specifically.

The obligations in the guideline should apply to all negotiated services

We propose that obligations within the guideline apply universally to all negotiated

[1] CEIG (Jul-22) Response to Ring-fencing Guideline Electricity Transmission - Issues Paper
[2] CEIG (Dec-22) Response to Draft Ring-fencing Guideline (Electricity Transmission)
[3] CEIG (Apr-24) CEIG response to the AEMC's consultation on expanding the transmission ringfencing framework

services where competition and transparency are relevant, supporting fair market access.

No discrimination in negotiated transmission services

CEIG supports extending the non-discrimination provision to explicitly prohibit TNSPs from showing discrimination in providing negotiated transmission services. This change would help ensure that TNSPs clearly separate their interactions with customers and related entities across both negotiated and contestable services. By adding this level of separation, it would improve transparency, reduce perceived bias, and help prevent potential market harm, promoting fair competition in the constable transmission services market.

Extending the definition of ring-fenced information

CEIG supports extending the definition of ring-fenced information to include electricity data acquired through negotiated transmission services. This would help strengthen competition and ensure a level playing field by reducing the risk of TNSPs leveraging non-public customer or connection information to favour related entities. This change would help ensure that all parties have fair and impartial access to network services, preventing any potential market advantage for affiliated entities.

Additional reporting on delivery of services

Greater transparency is crucial for fair competition and investor confidence in the clean energy sector, thus CEIG supports additional reporting requirements for TNSPs on negotiated transmission services. Requiring TNSPs to report on key aspects of negotiated services, such as connection inquiries, tender participation for contestable services, and outcomes involving non-incumbent providers, would provide stakeholders with valuable insights into the competitive landscape and highlight any patterns of preferential treatment or delays that may disadvantage renewable energy developers.

CEIG thanks the AER for the opportunity to provide feedback on its Issues paper and looks forward to continued engagement on those issues. Our Head of Policy and Advocacy can be contacted at marilyne.crestias@ceig.org.au if you would like to further discuss any elements of this submission.

Yours sincerely,

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