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New competition rule can deliver lower costs for electricity customers

A new rule released today by the Australian Energy Market Commission (AEMC) can reduce costs for electricity customers over time by increasing competition in building transmission lines.

The AEMC Final Determination on Transmission Connection and Planning Arrangements introduces a new framework to provide more choice to customers and generators looking to connect to the transmission network.

Energy Networks Australia CEO John Bradley said allowing transmission networks to compete for new infrastructure investment should result in lower prices for customers.

“This reform can drive lower costs by increasing competition in the delivery of transmission connections but it should also avoid impacts on other customers who depend on the safe and reliable operation of the central grid,” Mr Bradley said.

“It’s a reform to help enable the efficient connection of more renewable and low-emission generation technologies across the National Energy Market.

“The decision increases contestability while ensuring the accountability for the reliability, safety and security of the shared network remains with the primary Transmission Network Service Provider in each jurisdiction.”

The AEMC Report cites evidence of over 120 generators with public intentions to connect to the National Electricity Market and forecasts that 30 to 50 may connect by 2020.

The new rule also requires transmission businesses to include more detail in their annual planning reports.

Mr Bradley said Transmission networks supported arrangements to achieve greater consistency in connection and planning arrangements across the National Energy Market wherever possible.

“We commend the AEMC for its work to engage with stakeholders prior to releasing the Final Determination,” Mr Bradley said.

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Media contact: Taryn Bevege (02) 6272 1524 or 0447569029

tbevege@energynetworks.com.au.

Energy Networks Australia represents Australia’s electricity transmission and distribution networks and gas distribution networks. Our members provide energy to virtually every household and business in Australia.