Energy Networks Australia

Powering our Future

Six Commonwealth Energy Commitments for a Stronger Australia

April 2025

From the CEO

Australians deserve reliable, affordable, clean and secure energy. Connecting new energy sources to homes and businesses is key to reducing costs, lowering emissions, and driving economic growth.

As the energy transition accelerates, smart decisions are critical to building the grid infrastructure we need and maximising the potential of existing assets.

Energy Networks Australia urges the next government to commit to **six key policy** recommendations that will deliver better outcomes for all Australians.

Upgrading Australia's network infrastructure is an investment in our future to keep reliable energy powering our homes and businesses. We also must keep our foot-to-the-floor when it comes to building the new transmission connections we need, regardless of the precise energy mix that emerges over the next decade and beyond. Building and maintaining network infrastructure is an investment in Australia and needs a stable investment climate.

Our landmark *The Time Is Now* Report outlines a plan to, by 2030, cut $7 billion per annum from the energy system and reduce household power bills by $160 per year. We believe in transforming networks from static, one-way assets into dynamic platforms that maximise the benefits of clean energy generation and storage and unlock local energy solutions such as EV charging on kerbside power poles.

We no longer have time to waste debating the role of gas in the transition. Without gas in our electricity system, Australians will face unprecedented outages resulting in coal staying in the system longer than it needs to, driving up emissions. Unlocking gas supply to southern markets and enabling a mechanism to build gas fired power generators is now urgent.

The time to act is now.

Dominique van den Berg
CEO, Energy Networks Australia

Recommendations

1 Power the transition through transmission

Support and secure the future of Rewiring the Nation which aims to help fast-track the building of critical infrastructure and unlock opportunities to connecting new local energy to households and businesses across the country.

2 Give landholders a fair deal at tax time

Recognise the critical role of hosting transmission infrastructure and give landholders an exemption from unintended taxes, including Capital Gains Tax on their compensation payments.

3 Get street smart: Accelerate electric vehicle charging that's accessible to everyone

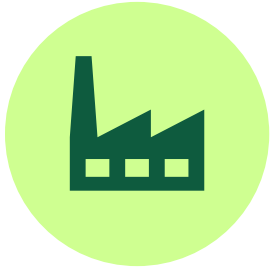
Make electric vehicles (EVs) more accessible by enabling networks to install EV chargers on power poles to support a faster and cheaper roll out of kerbside charging.

4 Soak up surplus solar and lower costs for all customers

Introduce a waiver to allow networks to rollout larger batteries attached to existing grid substations. Update the regulatory framework to recognise the full value of these batteries so everyone benefits.

5 Secure the critical role of gas in the whole energy system

Modernise market frameworks to support investment in gas peaking and long-duration storage solutions essential to the energy transition.

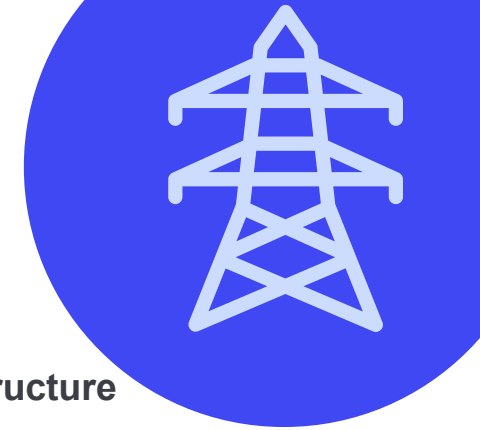


6 Make renewable gas for industry a reality

Secure the future of Australian industry by introducing a national renewable gas target (RGT) for industry.

Recommendation 1:

Power the transition through transmission



Support and secure the future of Rewiring the Nation which aims to help fast-track the building of critical infrastructure and unlock opportunities to connecting new local energy to households and businesses across the country.

The Issue

As the energy transition gathers pace, Australia will need to accelerate transmission projects that are essential to giving households and businesses access to reliable, affordable, clean and secure electricity.

That's because regardless of the precise energy mix that emerges over the next decade and beyond, building and maintaining transmission and distribution networks to connect new energy to consumers is non-negotiable.

The goal of reducing barriers to investment, reducing risks and ultimately fast-tracking projects that will serve as the backbone of the National Electricity Market helped inspire formation of the Rewiring the Nation (RTN) Fund.

By applying concessional finance solutions through the Clean Energy Finance Corporation (CEFC), the RTN Fund allows governments and industry to work in collaboration to unlock the next generation of projects needed to support reliable, affordable energy and lower emissions.

RTN plays an important role in facilitating the efficient and timely delivery of new major transmission projects. Modelling suggests that a one-year delay in transmission investment will increase electricity bills for households by as much as $215[1].

Importantly, RTN investments provide returns to Australian taxpayers, and the reduced cost of capital for major transmission projects can also reduce electricity customer bills.

Upgrading Australia's network infrastructure is an investment in our future to keep reliable energy powering our homes and businesses

The Solution

Policymakers should guarantee retention of the Rewiring The Nation Fund as a critical policy lever needed to sustain timely investment in Australia's future transmission network.

An investment framework that facilitates a lower-cost energy transition for Australian customers will recognise the value of:

- derisking critical stages of transmission investments
- allowing the early purchase of critical long lead time items, such as transformers, and
- ensuring key projects are financeable and investable by reducing the risk that corporate credit ratings erode and push up the cost of capital

The current model of deploying the CEFC's concessional finance supports these goals and still allows for prioritisation of projects that provide a return to taxpayers, as well as supporting reliable, affordable, clean and secure energy for consumers.

It also recognises that governments and industry need to work together given the huge task ahead to reconfigure our transmission and distribution networks that support low-emissions technology, economic prosperity and connect new energy to households and businesses.

[1] Nexa Advisory, The Consumer Cost of Transmission Delays, July 2024.

Recommendation 2:

Give landholders a fair deal at tax time

Recognise the critical role of hosting transmission infrastructure and give landholders an exemption from unintended taxes, including Capital Gains Tax on their compensation payments.

The Issue

As Australia navigates the transition to net zero emissions, new transmission infrastructure is critical to the creation of a reliable grid that connects new energy to households and businesses.

Network companies want to ensure that landholders who host the new infrastructure are properly compensated, including where the acquisition of easements over private land is required.

Landowners receive payments from network companies to compensate for loss in property value, landholder time, business impact and to offset additional expenses incurred during preliminary site investigations and the construction of transmission lines. They are not for the purpose of landholder profit making. In other words, the payments simply put the landholder in the position they would otherwise be.

But these payments are currently subject to the capital gains tax (CGT), meaning a portion of the compensation that landowners receive is paid to the Commonwealth.

If CGT continues to be applied as it currently is, the risk is that the value of landholders' compensation is eroded.

It diminishes the incentive for them to support the development of transmission projects – adding to the risk that projects are delayed, the energy transition slows, and reliability concerns grow.

Farmers deserve to be made whole.

The Solution

The Commonwealth Government should take urgent action to issue an exemption of landholder payments for transmission infrastructure from CGT.

It would ensure that landowners are ‘made whole’ for hosting transmission infrastructure and recognise the payments they receive are neither income, nor for profit-making purposes.

Network operators want to support and work constructively with landholders involved in the energy transition and ensure the right incentives are in place to reward them for doing so.

Exempting landholders receiving compensation payments would also recognise that consumers need the benefit of new transmission infrastructure that connects new energy to households and business.

Without a solution, there is also a risk that the cost of landholders being made whole by increased payments would be passed onto consumers and that critical projects will experience unnecessary and avoidable delays.

A swift ruling to confirm the exemption of payments for hosting transmission infrastructure will benefit landholders, consumers and the progression of infrastructure essential to Australia’s net zero future.

Want to know more? Check out ENA and transmission companies’ joint letter to both sides of government.

Recommendation 3:

Get street smart: Accelerate electric vehicle charging that's accessible to everyone

Enable networks to install EV chargers on power poles to support a faster and cheaper roll out of kerbside charging.

The Issue

Owning an EV can help Australians lower the costs of owning and operating a car, as well as contribute to the goal of lowering emissions. Yet Australia is a laggard in the global transition that continues to see electric car sales soar. They now account for nearly one in five cars sold globally – a quantum leap in just the past five years.

Australia has been immune to the trend, largely because the immaturity of our charging network has caused range anxiety. **There are currently 68 EVs per public charge point in Australia – far exceeding the global average of 11**[2].

It's a problem exaggerated by pure reliance on the existing commercial market for EV charging infrastructure. We're trapped in a vicious circle where the lack of EV density results in unsustainable business models, but without more public chargers, drivers won't buy EVs at a rate that increases charging infrastructure coverage.

We need a circuit breaker given the crucial role EV adoption will play in a clean energy future – with passenger and light vehicles currently accounting for more than 10 percent of the emissions reduction task Australia faces in its pursuit of net zero.

The introduction of the **New Vehicle Efficiency Standard** is a step in the right direction for our country. Another critical piece of the puzzle lies in leveraging the infrastructure available on nearly every street in Australia – the existing poles and wires that already carry electricity to homes and businesses.

The Solution

The Commonwealth can and should allow EV charging infrastructure to be added to power poles across the country by market bodies classifying EV chargers as a 'distribution service' under the regulated services – allowing networks across Australia to also deliver kerbside chargers at lower cost, faster, and with improved customer experience and access.

Using existing power poles would be a game changer – turbocharging the roll out and finally giving drivers the reliable charging network they deserve. Modelling shows it'd likely encourage a further one million more electric vehicles onto the road by 2030 – with drivers saving up to $2500 per year in lower energy costs[3].

Installing EV chargers on existing power poles is a plug-and-play solution that benefits consumers, the environment and ultimately see more chargers installed at a faster and lower rate.

Tapping the ubiquitous availability of existing power poles would support:

- **Faster deployment:** Chargers can be installed by networks at a rate of over 120 per week in states like New South Wales
- **Lower costs:** Using existing infrastructure reduces the need for extensive and disruptive construction
- **Universal access:** Chargers can be placed in any location with a power pole and parking space, not just in areas with high EV ownership and wouldn't require EV specific parking
- **Increased competition:** Distributions networks would provide the chargers as "network infrastructure" like they do with poles and wires, and retailers and charge point operators would be able to use the network infrastructure to offer services to their customers

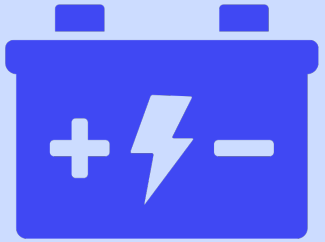
By embracing a simple and straightforward regulatory change, policymakers and industry leaders can deliver a scalable approach that benefits consumers, strengthens the grid, and accelerates emissions reductions.

Want to know more? Check out Street Smart: Scaling Up Kerbside EV Charging in Australia.

[2] International Energy Agency, Global EV Outlook 2024.
[3] L.E.K. Consulting, The Time is Now: Getting smarter with the grid, August 2024.

Recommendation 4:

Soak up surplus solar and lower costs for all customers



Introduce a waiver to allow networks to rollout larger batteries attached to existing grid substations. Update the regulatory framework to recognise the full value of these batteries so everyone benefits.

The Issue

Australians are global leaders in rooftop solar – with approximately 4 million households tapping the power of the sun to lower their electricity bills. But too much solar effectively goes to waste. The cost of household batteries is prohibitively high for many users, and the roll out of community batteries is still in its infancy.

It means we also need to pursue battery solutions that bridge the gap between when renewable energy is generated and when we use it – and do it in a way that provides real scale, meaning more households can benefit.

The answer lies in the distribution grid's capacity to host more, larger batteries that can support many households at once, and lower costs and cut emissions.

Distribution-connected batteries, generally installed at existing local grid substations, can be sized larger than existing community batteries and store around 10MW of solar. They are cheaper to install than household batteries and allow surplus solar to be shared between all energy consumers, regardless of whether they have solar or a battery themselves.

However, distribution networks are currently unable to deliver storage in partnerships with third parties, like retailers, without relying on a slow case-by-case regulatory waiver process. The current regulatory framework also fails to properly value the time-shifting ability of batteries to increase the value of a customer's solar output by absorbing it during the day and re-exporting it during the peak.

The Solution

The Commonwealth should introduce two policy changes to allow distribution networks and partners like energy retailers to offer greater benefits to consumers by fast-tracking the adoption of distribution-connected batteries. These are:

- Introducing a regulatory class waiver to allow distribution networks to share battery capacity with third parties, enabling customers to benefit
- Updating the AER's Customer Export Curtailment Value (CECV) to recognise the time-shifting ability of batteries to release customers' solar when it's most valuable (at night).

Delivering these changes to support distribution-connected batteries would yield benefits that are 20 per cent higher than a status quo that depends on household batteries, according to analysis by L.E.K. Consulting[4]. It would also widen the pool of customers to benefit.

Under this solution, distribution networks would install and maintain batteries, and then lease the spare capacity not used for things like network support services to a third party (such as a retailer). In turn, partners can then offer energy storage services to customers – capturing the full benefit of both surplus solar and battery technology.

In tandem with other actions on the distribution grid, connecting storage to the distribution network means we can reduce energy costs for a typical residential customer by $160 per year in 2030, without them having to purchase their own solar or battery[4].

Want to know more? Check out The Time is Now: Getting smarter with the grid.

[4] L.E.K. Consulting, The Time is Now: Getting smarter with the grid, August 2024

Recommendation 5:

Secure the critical role of gas in the whole energy system

Modernise market frameworks to support investment in gas peaking and long-duration storage solutions essential to the energy transition.

The Issue

Australia's commitment to an electricity system anchored in renewables is the best, most affordable way to give households and businesses the energy they need and to slash emissions.

AEMO's Integrated System Plan and other experts have modelled that achieving this objective will require new peaking gas-fired generation and long-duration storage solutions in the coming decades.

These firming resources will help deliver reliable energy supply when renewables such as wind and solar are not available.

But existing wholesale electricity market settings are not fit for purpose to bring this vital new firming supply into the market to advance the policy objectives of a reliable, affordable and low emissions energy system.

The current wholesale market settings review into the National Electricity Market (NEM) represents an ideal platform for addressing issues that are stifling investment.

The Solution

Market frameworks need to evolve to enable more investment in an efficient mix of gas fired generation and long-duration storage firming capacity.

The NEM wholesale market settings review needs to identify and implement settings that are technology neutral and ensure investment in peaking gas-fired generation and long-duration storage solutions when it makes sense for customers, balancing reliability, cost and emission reduction outcomes.

It will enable Australians to have confidence that solutions critical to energy reliability and affordability are continuing to come online as the energy transition advances.

Recommendation 6:

Make renewable gas for industry a reality

Secure the future of Australian industry by introducing a national renewable gas target (RGT) for industry.

The Issue

Renewable gas has an essential role to play in securing Australia's economic prosperity in a net zero world.

Around 70 per cent of the nation's existing gas use currently occurs in large-scale industry and manufacturing that are integral to Australia's economy. Helping these industries decarbonise will be crucial to achieving Australia's emission reduction goals.

Analysis demonstrates that finding a solution for the emissions of the hard-to-electrify industrial applications is one of the best ways to make a proper dent in Australia's emissions.

But for heavy industry, electrification is either too expensive, or impractical. Put simply, they can't electrify and will need investment in alternative technologies to help them transition. The heat needed to produce essentials like metal, glass, fertiliser and cement needs gas.

Investment in renewable gas solutions is vital in giving industries that have long been a staple of Australia's economic landscape the opportunity to not just survive but thrive in a decarbonised world. Renewable gases like biomethane and hydrogen are a robust solution to reduce industrial emissions from gas use.

That's why we need smart strategic policy and government support to facilitate scale and speed in the development of renewable gas – ensuring we advance the energy transition and help industry decarbonise at the lowest cost possible.

The Solution

The Commonwealth Government should design and develop a Renewable Gas Target (RGT), with application of the RGT by 2030.

Accelerating work now to support investment in renewable gas will propel innovation, reduce costs, boost supply chains, enhance economies of scale and drive a decarbonisation solution critical to Australian industry.

Australia's gas networks – which are among the safest and most reliable in the world – have the capability to deliver this renewable gas for industry, which represents a huge competitive advantage that Australia should seize.

Introducing supportive policies for renewable gas for industry now will pay dividend in lower costs, fewer emissions and a more prosperous future for Australian industry.

Want to know more? Check out Renewable gas for a future made in Australia

[5] Boston Consulting Group, The role of gas infrastructure in Australia's energy transition, June 2023

Energy Networks Australia