

24 July 2024

NSW Department of Climate Change, Energy, the Environment and Water

Email: [energy.consult@dpie.nsw.gov.au](mailto:energy.consult@dpie.nsw.gov.au)

## Orderly Exit Management Framework – Draft Bill and Rules

Energy Networks Australia (ENA) welcomes the opportunity to make this submission in response to the Energy Ministers opt-in Orderly Exit Management Framework for the NEM – Exposure draft bill and rules. This builds on ENA’s initial input in February 2024.

ENA represents Australia’s electricity transmission and distribution and gas distribution networks. Our members provide more than 16 million electricity and gas connections to almost every home and business across Australia.

The OEM framework seeks to manage the orderly exit of thermal generators with the entry of new renewable generation to ensure a reliable and secure power system through the negotiation of contracts and associated payments.

ENA continues to support the management of orderly exit arrangements to ensure reliability and system security through the energy transition at lowest cost to consumers.

In relation to the changes proposed in the draft Bill, ENA supports the amendment to ensure TNSPs are consulted by AEMO where they carry out the ‘System Needs Assessment’ in determining the impact (in particular on system security/strength grounds) of any announced closure.

ENA also supports the decision not to introduce a new TNSP cost recovery mechanism to recover the costs associated with the OEM framework. While it would be preferable for these policy and market costs to be passed on to consumers more directly via retail bills rather than network charges, as ENA previously noted, there is already a framework in place for distribution cost recovery in the form of jurisdictional schemes which are being used for this purpose. The proposed drafting facilitates this approach and recognition as a jurisdictional scheme, including the smoothing of cost impacts and the return of funds to consumers where needed. ENA supports the approach as being workable and pragmatic given the complexities of transmission charging under NER Chapter 6A.

ENA also welcomes, as is the case with the NSW deal struck with Eraring, that costs be clearly and transparently communicated to stakeholders, including the detailed cost breakdown and publication of the AER contribution determinations for the relevant DNSPs if the mechanism is used.

ENA notes the evolving transitional services and security services frameworks. Ministers opting in to the use of this OEM framework should ensure that consumers do not pay more than is necessary.

In the meantime, if you would like to discuss this submission, please contact Verity Watson (vwatson@energynetworks.com.au) in the first instance.

Yours sincerely



Dominic Adams

General Manager Networks