

9 November 2018

Energy Division- Underwriting New Generation Investment Submission
Department of Environment and Energy
GPO Box 787
Canberra ACT 2601

Underwriting new generation investments

Email: Underwritingnewgeneration@environment.gov.au

Energy Networks Australia appreciates the opportunity to respond to the Department of the Environment and Energy's Consultation Paper, Underwriting New Generation Investments.

Energy Networks Australia is the national industry body representing businesses operating Australia's electricity transmission and distribution and gas distribution networks. Member businesses provide energy to virtually every household and business in Australia.

Energy Networks Australia is supportive of the program's objectives which seek to increase competition and reduce electricity prices in a manner that will improve reliability and system security and minimise costs to consumers and taxpayers. Energy Networks Australia notes the program proposes to achieve these objectives through establishing mechanisms to attract new investment in firm or firmed generation.

Primarily Energy Networks Australia's key concern is to ensure that:-

- **policy and regulatory frameworks continue to facilitate timely and least cost investment** where any new investment is undertaken in the long term interest of consumers. In this regard, care needs to be taken when intervening in the competitive wholesale market, to ensure underwriting new generation is the most appropriate way to achieve these objectives.
- **current initiatives** to facilitate the efficient coordination of generation and transmission investment and improve system security and reliability are taken into account. For example, the Energy Security Board (ESB) is currently considering how to make the Integrated System Plan (ISP) an actionable strategic plan and is looking to improve reliability and security through a retailer reliability obligation. Investment in transmission and generation should be well linked to the ISP and consistent with policy settings.

- **technology neutrality** - current information on sources of low cost dispatchable generation and emerging technologies is considered. For instance, Energy Networks Australia notes there is evidence to suggest renewables are a lower cost than other technologies with firming support coming from a more integrated network as indicated in the ISP. The program should seek to ensure that consumers and taxpayers do not bear risks associated with solutions that focus on a specific technology option or interventions that increases market distortions.

Energy Networks Australia supports notice of generator closure and a longer reliability trigger for retailers and generators to enable the market to address the supply gap. We are happy to participate in this process where we can add value and recognise that policy direction on coordinating generation and transmission investment may be an important input to the process and is likely to develop further leading into the December COAG meeting.

Should you have any additional queries, please feel free to contact Verity Watson - Head of Transmission on 03 9103 0407 or vwatson@energynetworks.com.au.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "A. Dillon".

Andrew Dillon
Chief Executive Officer