

The Energy Users' Association of Australia (EUAA) is the peak body representing Australian commercial and industrial energy users. Our membership covers a broad cross section of the Australian economy including significant retail, manufacturing, food and materials processing industries. Combined our members employ over 1 million Australians, pay billions in energy bills every year and expect to see all parts of the energy supply chain making their contribution to the National Electricity Objective.

Our members are highly exposed to movements in both gas and electricity prices and have been under increasing stress due to escalating energy costs. These increased costs are either absorbed by the business, making it more difficult to maintain existing levels of employment or passed through to consumers in the form of increases in the prices paid for many everyday items.

The EUAA supports this rule change to bring clarity to the process for recovering National Transmission Planner (NTP) costs and enable the policy intent of the ISP rules to be achieved.

Our purpose in making this submission is to highlight the significant increase in NTP costs in recent years given AEMO's preparation of the Integrated System Plan. To be clear, we fully support the preparation of a comprehensive ISP to help guide energy market participants on how to support the energy transition at the lowest cost to consumers.

We think the cost of preparing the efficient transition roadmap should also be efficient given consumers bear that cost as well as the cost of the transition. There is a significant increase in these ISP preparation costs as outlined in the AEMO's 2020-21 budget¹:

Table 6 National Transmission Planner projected revenue requirement and operating costs

| (\$m) | Budget 2019-20 | Budget 2020-21 |
|------------------------|----------------|----------------|
| Revenue requirement | \$5.5m | \$19.9m |
| Annual operating costs | \$10.1m | \$15.9m |

We understand that under the rules, TNSPs will be able to pass on these costs without any independent review of their level given that the AER does not approve annual transmission prices. We contrast this with other network costs e.g. step changes in a revenue determination or unexpected costs during a revenue reset period. For example, the AusNet application for a pass through of the costs associated with the collapse of the Heywood interconnector² that are subject to public review by the AER.

¹ ["AEMO 2020-21 Budget and Fees"](#) p. 9

² [See link](#)

AEMO notes in its 2020-21 budget that:

“The costs associated with the development of the first actionable ISP will continue to be reviewed and refined.”

and the EUAA looks forward to being part of that engagement process.

The public comment process for the 2020-21 budget provided very little time for stakeholder review. We welcome AEMO’s commitment to allow considerably more time for public consideration of the 2021-22 budget and look forward to participating in that discussion.

Do not hesitate to be in contact should you have any questions.

Sincerely,



Andrew Richards
Chief Executive Officer