



## Written record of verbal comments by consumer representatives on the contestability options paper of the transmission planning and investment review

10:00am – 11:00am, 29 August 2022

### Purpose:

On 7 July 2022, the AEMC published an options paper for the contestability workstream of the transmission planning and investment review (the Review).

The AEMC held a briefing session on the consultation paper for the Review with consumer representatives. The AEMC has developed a written record of stakeholder comments made during this session which will serve in place of a written submission to the options paper. This written record has been agreed with attendees. The AEMC will consider these comments along with all other submissions to the consultation paper.

### Attendees:

Name	Organisation
Craig Memery	PIAC
Bev Hughson	Darach Energy Consulting Services
Gavin Dufty	Society of St Vincent de Paul
Mark Grenning	EUAA
Robyn Robinson	Council on the Ageing
Danielle Beinart	AEMC
Rupert Doney	AEMC
Martina McCowan	AEMC
Richard Owens	Director, Farrierswier
Claire Rozyn	Consultant, Farrierswier
Louisa Scott	Consultant, KPMG

### General comments on contestability

- A consumer representative noted that a national contestability framework may not apply to many projects, given that it will not be in place in time for the 2022 ISP projects and that future projects in Victoria, NSW and QLD are likely to be excluded under those states' jurisdictional regimes. As such, depending on the definition and minimum value of a 'major transmission project', a national framework may have little or no application to likely projects over the next decade or more.
- A consumer representative expressed the view that there could be merit in introducing competitive tendering for simple, large augmentations. Projects with complex social licence considerations, such as with the Western Victoria transmission upgrade, are likely not to benefit from competitive processes as they require thorough, coordinated consumer engagement processes.

- A consumer representative expressed the view that it is important for consumers that the tender assessment process is transparent.
- A consumer representative expressed the view that contestability may not deliver benefits in practice in Australia, particularly in the next decade given the large number of electricity network projects planned and the small number of EPC contractors (each competing for a limited resource pool) in Australia who can undertake these projects. Therefore, even with competitive tendering, these developers will only be able to call on a limited number of EPC contractors that will be able to exercise price leverage over the successful delivery provider, much like they would with the incumbent TNSP. Even if current supply chain constraints ease, the sheer volume of projects across the economy in the next decade may mean there is competition for the first couple of projects and then limited competition after that.

### **Comments on the strawperson models**

- A consumer representative noted the potential for a variation of the strawperson 1 model, whereby contestability is introduced for project funding and financing but the incumbent TNSP retains responsibility for ownership and operation of the assets. The consumer representative considered this option should be fully consulted on as a discrete option alongside any other models.
- A consumer representative expressed concerns about the long-term impacts of each model. For example, what would be the impact if contestability led to there being a large number of different TNSPs within a region in the longer term?
- A consumer representative expressed the view that consumer impact is determined by risk allocation and that strawperson models 3 and 4 will lead to too much risk being borne by consumers. These models may also have potential social licence issues arising if multiple prospective proponents undertake their own community engagement processes in parallel, which could lead to inconsistent messaging for community members.

### **Comments on the assessment framework**

- A consumer representative expressed the view that some models put forward additional layers of costs and complexity to the system while only adding little-known and uncertain benefits for consumers. The representative asked for the assessment of models to include the costs and benefits to end consumers.
- A consumer representative considered that it will be difficult to quantify the potential cost impacts of contestability, noting there is no publicly available information on the outcomes of contestable tender processes and no quantification of benefits in material developed to date.
- A consumer representative expressed the opinion that risk and cost should be separated and that consumers should only pay for investments if they prove prudent, i.e.: where there are other savings as a result of these costs. Consumers should not bear the risk of underutilisation of projects.