

12 July 2023

Our Ref: 2023/392300
File No: X009228

Ms Anna Collyer
Chair
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Dear Ms Collyer,

Accommodating financeability in the regulatory framework

This letter is to express City of Sydney support for changes to the National Electricity Rules designed to accelerate the deployment of renewable energy and associated infrastructure, set out in the AEMC Transmission Planning Investment Review (TPIR).

The City of Sydney has endorsed a target for the local area to be net zero emissions by 2035, and for at least half of the electricity to be from renewable sources by 2030. The City has been using 100 per cent renewable electricity for its operations since July 2020.

More than 75% of our residents live in apartment buildings and many are renters. Affordable renewable energy options are needed for all, and the City has been running a campaign to encourage people to switch to Greenpower.

We also work with leading organisations via our sustainability programs including the Better Buildings Partnership, CitySwitch Green Office, and Sustainable Destinations Partnership. Many have emissions targets and purchase renewable energy.

Changes to the National Electricity Rules are urgently needed to deliver against our targets, the AEMO Integrated Sydney Plan, and the Australian Government aim for an 82 per cent renewable grid by 2030.

A huge amount of new transmission infrastructure is required to provide interconnections and connect renewable energy zones with load centres, and it is duly noted that the current energy rules are not flexible or fast enough.

The City specifically supports:

- Ambitious decarbonisation pathways of the AEMO Integrated System Plan.
- Recommendations of the TPIR to make transmission investment and delivery timely and more efficient to enable the transition to zero emissions.
- Involving First Nations people to play a key and central role in Australia's renewable energy transition beyond social licence issues.
- The Australian Government Rewiring the Nation Fund to unlock grid investment.

- The NSW Government Electricity Infrastructure Roadmap.
- Energy Ministers agreement to fast track an emissions reduction objective into the national energy objectives.
- Recent rule change proposals by the Minister for Climate Change & Energy:
 - Accommodating financeability in the regulatory framework.
 - Concessional finance for transmission network service providers.

Recommendations

Regarding the current rule change proposals:

- It is recommended that the rule changes be flexible and robust, but also workable for network companies to effectively raise capital at competitive rates.
- The consolidation by the AEMC of the rule change proposal by Energy Networks Australia for 'ensuring the financeability of actionable ISP projects' with the Commonwealth Minister's rule change request to accommodate financeability in the regulatory framework on 6 July 2023 is also welcomed to ensure that the validity of both approaches are duly taken into consideration.

Related to the rule change proposal, it is also recommended that:

- An 'energy efficiency first' principle be introduced within the National Electricity Objective and other relevant legislation, statements, and policies together with the emissions reduction objective being proposed.
- The energy market values and supports an optimal mix of supply and demand measures including energy efficiency, demand management, distributed energy resources, and electrification.

Should you wish to speak with a Council officer about these recommendations, please contact Nik Midlam, Manager Carbon Strategy on 9265 9847 or at nmidlam@cityofsydney.nsw.gov.au.

Yours sincerely



Kim Woodbury
Chief Operating Officer