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Contact Officer: Warwick Anderson
Contact Phone: (02) 6243 1240

Level 17, Casselden
2 Lonsdale Street
Melbourne Vic 3000
GPO Box 520
Melbourne Vic 3001
tel: (03) 9290 1800
www.aer.gov.au

5 March 2021

Ms Anna Collyer
Chair
Australian Energy Market Commission
Level 15, 60 Castlereagh St
Sydney NSW 2000

Dear Ms Collyer

AER submission – Draft Rule Determination (Participant derogation – Financeability of ISP Projects (TransGrid and ElectraNet) Rule 2021

The Australian Energy Regulator (AER) welcomes the opportunity to comment on the Australian Energy Market Commission's (AEMC's) Draft Rule Determinations on the two participant derogation rule change proposals from TransGrid and ElectraNet.

The AER supports the Draft Rule Determinations to not make the proposed rules. We have not seen evidence indicating the proposed rule changes will, or are likely to, contribute to the achievement of the NEO relative to the current arrangements. We agree with the AEMC's view that the regulatory framework does not create a barrier to either TransGrid or ElectraNet financing their share of actionable Integrated System Plan (ISP) projects (including Project EnergyConnect).

We also agree with the AEMC that the proposed changes would result in a material move away from the current alignment of the profile of the revenues paid by consumers with the benefits they expect to receive from TransGrid's and ElectraNet's ISP projects.

Further, we support:

- The AEMC undertaking a broad review of the regulatory framework to consider options to support the timely and efficient delivery of large transmission projects that are in the long term interests of consumers.
- Working closely with the AEMC when it undertakes this review.
- A relatively broad review as rule changes might be appropriate even if financeability is not of concern. For example, changes might be desirable or necessary to support contestability in the provision of regulated transmission services if such a framework was introduced.

We look forward to continuing to work with the AEMC on these rule change proposals and the proposed future review. To discuss any matters raised in this submission, please contact Warwick Anderson on (02) 6243 1240.

Yours sincerely

A handwritten signature in black ink, appearing to be 'CS', with a long horizontal flourish extending to the right.

Clare Savage
Chair
Australian Energy Regulator

Sent by email on 5.03.2021