

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, building materials and food processing industries. Combined our members employ over 1 million Australians, pay billions in energy bills every year and in many cases are exposed to the fluctuations and challenges of international trade.

Our members are highly exposed to movements in both gas and electricity prices and have been under increasing financial 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 strongly supports the Draft Rule Determination of the Commission to not make the proposed participant derogation.

We are pleased to see the Commission supporting our contention in our submission on the Consultation Paper that we were not convinced that the current regulatory framework causes financeability issues for ISP projects. Our members would not have been better off under the proposed derogation and they were not willing to accept the certainty of higher prices now in return for the promise of lower prices in 15-20 years' time.

We particularly appreciated the CEPA report that provided the detailed evidence behind the Commission's decision. In supporting the Commission's Draft Determination, we are still conscious of the need to ensure that efficient ISP projects that are in the long-term interests of consumers do get built in a timely manner. We are also conscious of the potential for the current rules/market framework to act as a barrier to this efficient investment. As the Commission notes:

"... currently transmission network service providers have a monopoly right to build and own ISP projects but not an obligation. There is also no option for an alternative provider nor any consequence if the asset isn't built or is delivered late. This creates an environment of uncertainty around the timely delivery of future ISP projects."

This review has raised a range of wider issues around the ISP framework for project delivery. Our members do not want projects built that are not robust economically as this leads to higher stranded asset risk. Equally our members do not want the situation where a TNSP decides that it is not in their shareholders' interests to build an ISP project that is in our members long term interests.

We support the Commission's intention to do a broader review to ensure these constraints do not lead to sub-optimal development of ISP projects. This may lead to rule changes, it may lead to other measures. We look forward to making our contribution.

Do not hesitate to be in contact should you require any additional information or clarification.



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