

AEMC EARLY ADOPTION OF A REVISED TRANSMISSION SERVICE TARGET PERFORMANCE INCENTIVE SCHEME (STPIS) – ERC0421

11 DECEMBER 2025

The Energy Users' Association of Australia (EUAA) is the peak body representing Australian commercial and industrial energy users. Our members are the engine room of the Australian economy, producing many of the products that households and business use every day including bricks, glass, steel, aluminium, paper, food and beverages. 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.

EUAA members are focussed on making products that meet their own customers' requirements where energy is just one input to the process albeit a critical one. Their expectation is that the energy industry continues to provide energy services that are fit for purpose and consistent with the National Electricity Objectives (NEO) so that our members can continue to provide a fit for purpose product for their customers.

Thank you for the opportunity to make a submission under the AEMC Early Adoption of a Revised Transmission STPIS.

The EUAA supports proposed rule changes where evidence points to an issue and the proposed rule change clearly leads to improved efficiency of markets and/or oversight. The EUAA does not support approaches that lack evidence of achieving one or both of these outcomes.

We were involved in AER's consultation process on the Review of the transmission STPIS and support the AER's final determination for all components of the STPIS. We recognise that Service Component (SC), Network Capability Component (NCC) and Market Impact Component (MIC) of the STPIS were not functioning as intended, and for the NCC and MIC, were unintentionally penalising TNSPs.

For the SC and NCC, we support AER's revised guidelines, and also support AER in its determination to suspend the MIC until another arrangement can be created. We are active participants in AER's Network Impact Working Group that aims to find a functional replacement process for the suspended MIC.

Given the unintentional penalties imposed on TNSPs by the SC and the benefits to consumers that arise from a functioning NCC, we pursued and support AER's application to allow these components of the STPIS to be implemented by TNSP's as soon as possible to allow the benefits to flow through to consumers and stop further unintentional penalties accruing to TNSP's. We consider that waiting for each TNSP's next regulatory control period negotiations will place extra burden on each TNSP in the intervening period and inadvertently penalise some TNSPs more than others due to the different timing of the regulatory periods.

We also consider the MIC suspension should be implemented at the same time.

We understand that implementing the revised STPIS Guidelines requires the AER to reopen each TNSP's revenue determination to realise the changes.

While we support the early application of the current revised STPIS Guidelines, we do not support an enduring rule change that allows the AER to implement all future revisions to the STPIS Guidelines immediately on them determining a change. There are several reasons for this approach:

- Providing AER with an enduring power to implement future revised STPIS Guidelines removes the AEMC's oversight of early implementation.
- There is no evidence that suggests that all future STPIS revisions will have net benefits for consumers over the (at that time) current STPIS Guidelines.
- There is no evidence that suggests that all future STPIS revisions will remove unintended penalties on TNSP's that result in poor outcomes for consumers.

The EUAA welcomes further discussions on the issues raised in this submission.

Do not hesitate to be in contact with EUAA Policy Manager Dr Leigh Clemow, should you have any questions.

A handwritten signature in black ink, appearing to read "A Richards", is positioned above the name and title of the signatory.

Andrew Richards
Chief Executive Officer