

AEMC EARLY APPLICATION OF A REVISED TRANSMISSION SERVICE TARGET PERFORMANCE INCENTIVE SCHEME DRAFT DETERMINATION (ERC0421)

2 APRIL 2026

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 Application of a Revised Transmission Service Target Performance Incentive Scheme (STPIS) Draft Determination (ERC0421).

At the EUAA, we support the design of rules, legislation and procedures that achieve efficient, cost effective and equitable outcomes for networks, developers and consumers. In the energy sector under most circumstances, this is best achieved through a national approach and a sharp focus on the NEO.

From that perspective, we support AEMC's Draft Determination for immediate application of STPIS Version 6 to:

- Disapply the market impact component (MIC) for TNSP performance from 1 January 2026 and
- Amend the target for the loss of supply frequency parameter under the service component (SC) for TNSP performance from 1 July 2026.

However, we do not support AEMC's Draft Determination that would create an enduring ability for the AER to immediately apply future versions of the STPIS after consultation. We see this as a delegation of AEMC's decision-making powers to the AER.

We believe the success of the NEM has been established through its strict governance, that has separation between market operations, regulation and decision-making. To provide AER with the ability to implement rule changes under its own power represents scope creep in the AER, sets a precedent for future scope creep in market bodies, and goes against the established separation of powers in the National Electricity Legislation/Rules. To support our position we provide the following evidence:

- AEMO is currently having its governance reviewed due to scope creep over recent years and the potential for conflict of interest arising from that scope creep.

We see that scope creep in other market bodies could give rise to other, costly governance and function reviews and potentially this aspect of the current Draft Determination being required to be reversed.

- The AEMC disallowed the AER's request for an expedited rule change for the current Early Application of Revised Transmission STPIS due to the AER not following the rules for expedited consultations.

We see appropriate consultation and oversight by the AEMC to ensure all market bodies are following the rules as critical for the proper function of the NEM and continued confidence in all market bodies. We have major concerns over the AER following the letter of the rules on consultation of early application of future STPIS determinations without AEMC oversight.

- In the AEMC's current consultation on the *Draft Rule Determination National Gas Amendment (ECGS Enhancing reliability and supply adequacy arrangements) 2026*, AEMC proposes a new governance structure for the ECGS:

"...while allowing the AEMC final decision-making authority."

Which we see as contradictory to the current Draft Determination that proposes a new governance structure for STPIS that provides the AER with final decision-making authority on STPIS. We are confused as on one hand the AEMC wants to retain its function, and on the other the AEMC wants to give it away.

While we see AER as the energy regulatory experts, and rely on the AER for regulatory oversight, we see the AEMC as the energy rules expert and also rely on the AEMC for their rules oversight and final decision-making power. This separation has worked well in the NEM and blurring the lines between each market body's powers as a backwards step. In addition, we are aware of other jurisdictions globally that combine the regulatory and decision-making powers into one organisation, and note the issues arising from the dual roles, particularly during the current "messy middle" of the energy transition where the organisation needs to weigh up decision making from regulatory practice.

We understand that the AEMC is recommending this delegation through an argument of timeliness for implementation of future STPIS and for general efficiency, however this comes with an increase in the risk that the determinations made by the AER in the future are efficient and fair. We would argue that had the AER followed the rules for an expedited rule change in the current process, that the decreased risk associated with the AEMC's oversight would have seen the rule in final determination sooner.

We also note that many submissions made to the AEMC supporting providing the AER an enduring ability to have final decision-making are based on the outputs of the current STPIS Version 6, which correct STPIS rules that were dysfunctional and needed to be changed, i.e. the enduring power would have worked in favour of the proponents of those supporting submissions. Had the AER made a less favourable determination, we suspect those supporting submissions for an AER enduring power would have read very differently.

Given that we do not know what decisions the AER will make on STPIS in the future, and whether they will be favourable and efficient or not and to whom they are favourable, and in the context of other activities in the NEM (e.g. AEMC recommendations and the AEMO governance review) we strongly recommend against the AEMC providing the AER with an enduring decision-making power.

The EUAA welcomes further discussions around 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.



Andrew Richards
Chief Executive Officer