Australian Government
Department of Climate Change, Energy, the Environment and Water

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

Dear Ms Collyer

The Department of Climate Change, Energy, the Environment and Water (DCCEEW) welcomes the Australian Energy Market Commission's (the Commission) Electricity Network Regulation Review, and the opportunity to provide a submission on Package 1 of the Review.

Australia's energy system is undergoing a fundamental change as it transitions to one of high renewable electricity penetration in line with Australia's long term emissions reduction goals. This change reflects a shift to a more decentralised energy system, with increased uptake of consumer energy resources, storage, and small and mid-scale solar connected to distribution networks, alongside utility scale renewables and storage connected to the transmission network.

The energy transition necessitates evolution in the frameworks governing the electricity sector. Our regulatory frameworks need to facilitate connection and access for renewables, be responsive to changing technologies, and maximise opportunities for businesses and consumers to actively participate in the energy system and achieve lowest possible system costs overall.

With the focus of Package 1 on service classifications and ring-fencing, DCCEEW notes the Commission's observation about stakeholder concerns around the timeliness, complexity and cost of the distribution connection process, and encourages consideration of options to improve these. I note that the Minister for Climate Change and Energy has today indicated his intention to submit a rule change request going directly to connections issues to the Commission.

DCCEEW encourages the Commission to draw on evidence from the Commonwealth's Community Batteries for Household Solar grants program in the consideration of reforms to service classification, ring-fencing and multi-service asset arrangements.

Service classification, ringfencing and multi-service assets

DCCEEW notes that the themes of Package 1, including service classification, ring-fencing and treatment of multi-service assets are areas where practical experience is already emerging. Through the Community Batteries for Household Solar program, the Australian Renewable Energy Agency has gathered evidence to support the consideration of these questions, and the Commission is encouraged to draw on the lessons from that program as it

considers potential reform options. These materials provide an evidence base for considering the trade-offs associated with network owned, ringfenced battery energy storage systems.

Connection and facility access arrangements

The Commission has identified that growth in demand is reportedly placing pressure on existing connection arrangements at the distribution network level. This issue may be compounded as more systems, storage and other infrastructure connect to distribution networks. The Australian Energy Market Operator (AEMO) has forecast businesses to provide more of their own electricity by investing in on-site generation and to reduce grid consumption including through up to 15TWh more rooftop solar by 2050[1].

Challenges in distribution connection processes are evident in the deployment of electric vehicle charging infrastructure (EVCI) where the gap between electric vehicle sales and deployment of EVCI is widening. There will need to be a substantial expansion over the remainder of the decade to support growing electric vehicle (EV) uptake. DCCEEW estimates Australia will need a seven-fold increase in the current number of public EV charge points by 2030 to support the projected EV uptake and bring charging experience in line with comparable international benchmarks.

Reliable and convenient public charging is essential to mainstream EV uptake, and critical for people who cannot charge at home, including those living in apartments, townhouses or without off-street parking. Concern around the availability of charging infrastructure remains a key barrier to EV uptake for consumers.

Distribution connection processes are also reportedly resulting in delays, and potentially scaling and replication limitations, for mid-scale commercial and industrial (C&I) solar. The Commission notes that stakeholders have raised concerns about the timeliness, cost and complexity of the connection process. DCCEEW notes that this issue has been raised in several reports published in recent years[2] (in regard to both mid-scale solar and EVCI) with stakeholders commenting that grid connection processes can be slow, opaque, unpredictable and inconsistent across DNSPs. Those reports advised that increasing transparency, streamlining connections, and increasing consistency across connection processes would be beneficial.

DCCEEW encourages the Commission to consider opportunities to facilitate timely connection of projects. Approaches should support greater consistency where common

[1] *2026 Integrated System Plan for the National Electricity Market*. Australian Energy Market Operator, 2026, page 44.
[2] *Streamlining the connection of electric vehicle supply equipment and large consumer energy resources recommendations report,* prepared by Oakley Greenwood for the Department of Climate Change, Energy, the Environment and Water, 24 October 2024; *Unlocking the clean energy potential of Australian business rooftops,* Institute for Energy Economics and Financial Analysis, June 2026; *Electric Vehicle Market Reforms Gap Analysis Final Report*, prepared by Ernst & Young for the Department of Climate Change, Energy, the Environment and Water, 26 May 2023.

approaches improve outcomes for proponents, while avoiding requirements that impose costs passed through to consumers without a commensurate benefit or stifle improvements and innovations being undertaken by DNSPs.

Greater transparency for proponents in terms of network connection process requirements and status and increased oversight by the Australian Energy Regulator (AER) may assist proponent preparedness as well as subsequent connection agreement negotiations between proponents and DNSPs. This could include the AER setting further expectations in relation to processing, and ensuring visibility of application requirements and DNSP processing for the AER and proponents.

Site specific and network specific attributes, such as available capacity, are technical factors that may limit the ability of DNSPs to streamline processes relating to certain projects. However, stakeholder feedback is clear that not all DNSPs perform consistently in similar circumstances.[3] This variation indicates that improvements in processing are achievable within the existing technical environment and that regulatory reform could help drive greater consistency across the sector.

As the Commission has noted, the existing connections framework is already showing the strain of increasing numbers of connections. The variable processes and requirements currently in place in the sector do not facilitate scaling or replication across jurisdictions as well as more transparent and standardised processes could. Better regulatory practice through more transparent, consistent and accessible pathways where possible would be appropriate to facilitate market maturation for C&I solar and EVCI.

The energy transition presents significant opportunities for consumers and businesses, and it is important that the regulatory framework supports this. DCCEEW looks forward to ongoing engagement with the Commission on the Electricity Network Regulation Review[4].

Please contact me if you would like to discuss this submission.

Kind regards

Nadia Rosenman
Branch Head
Electricity Networks Policy

[3] *Unlocking the clean energy potential of Australian business rooftops,* Institute for Energy Economics and Financial Analysis 2026, page 41.

[4] The consultation paper also seeks feedback on two rule change requests, DCCEEW is not commenting on or responding to these rule change requests in this letter.