

Mr John Pierce
Chairman
Australian Energy Market Commission
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Dear Mr Pierce,

RE: Coordination of Generation and Transmission Investment

Thank you for the opportunity to comment on the Coordination of Generation and Transmission Investment. As the peak body for the health and community services sector in South Australia, the South Australian Council of Social Service (SACOSS) has an established history of interest, engagement and provision of proposed advice on the necessary market mechanisms for and regulation of essential services. Our research shows that the cost of basic necessities like electricity impacts greatly and disproportionately on vulnerable people. Our advocacy is informed by our members and direct consultations with consumers and other consumer organisations: organisations and individuals who witness and experience these impacts in our community.

We believe this Review is very critical to consumers, given that it is proceeding on the basis that there is likely to be large amounts of transmission and generation investment in the near to medium term and that future expected investment is uncertain in its location or technology. We are extremely concerned about the risk that this investment exposes consumers to, with the possibility that consumers are left to pay for assets over the long term that are underutilised over that period.

SACOSS has been investigating the framework for transmission investment, and we believe that there are major issues with the current framework in that there is insufficient incentive for networks to propose non-network solutions. We would encourage the AEMC to review the option of auctioning of network capacity usage rights (which would give better price signals as to the real value of extra network capacity) and the system in Argentina where key network users are heavily involved in network augmentation decisions.

We thank you in advance for consideration of our comments. If you have any questions relating to the above, please contact SACOSS Senior Policy Officer, Jo De Silva on (08) 8305 4211 or via jo@sacoss.org.au.

Yours sincerely,

Ross Womersley
Chief Executive Officer