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Anna Collyer
Chair
Australian Energy Market Commission
PO Box A2449
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Electronically: <https://www.aemc.gov.au/contact-us/lodge-submission>

Dear Ms Collyer

Financeability of ISP projects

Thank you for the opportunity to make a submission on the Australian Energy Market Commission (the AEMC)'s draft determination on the proposed derogations from TransGrid and ElectraNet in relation to the financeability of their actionable Integrated System Plan projects.

The Australian Competition and Consumer Commission (ACCC) supports the AEMC's draft determination not to make the proposed derogations. We consider the derogations are not in the best interest of consumers because they would favour certain assets over others, resulting in a negative impact on the efficient investment in critical network infrastructure.

The derogations seek to address TransGrid and ElectraNet's cash flow concerns for their upcoming large infrastructure projects by increasing the rate of cost recovery of their investments during the earlier part of the asset's useful life. However the benefits of the investment are likely to be received in later years.

We consider that the rules for financing network infrastructure projects should be consistent across the National Electricity Market. Derogations for specific participants distort market signals for investment and may not lead to efficient outcomes that are in the long-term interests of consumers. We support the AEMC's proposed broad review of the current financing, regulatory and governance issues for the investment in large transmission assets as a better approach to considering the concerns of transmission network businesses. A broad review could ensure the delivery of efficient, net beneficial investment in innovative ways, including through contestability.

If you have any questions in relation to this submission, please contact Lyn Camilleri, General Manager, Electricity Markets Branch, on (03) 9290 1973.

Yours sincerely

Anna Brakey
Commissioner