

19 October 2022

MEDIA RELEASE

Federal Government investment in transmission protects Victorian consumers from significant energy price rises

Today's announcement from the Federal Government about their Rewiring the Nation investment in transmission projects is a significant win for consumers; protecting them from needless energy price rises in the future.

The Federal Government has announced investment to unlock the Marinus Link underwater transmission project between Tasmania and Victoria, and the Victoria-New South Wales Interconnector West. [Modelling commissioned](#) by Nexa Advisory shows that delays to these transmission projects would mean Victorian consumers would pay as much as 30 per cent more for electricity in the future.

Nexa's CEO and Founder, Stephanie Bashir, said 'today's announcement is the culmination of two years hard work by the industry to get what the Australian consumer deserves; Federal Government support and investment for critical national infrastructure.

'This is the first big step from the Australian Government in making clean energy transition real.

'This one decision will protect Victorian mums and dads and small businesses from energy bills that are as much as 30 per cent higher over the next 10 years.'

The \$6 billion package of funding for renewables is the first announced investment within the new Federal Government's 'Rewiring the Nation' \$20 billion policy promise.

Going further, Bashir said 'new transmission infrastructure is the missing link in Australia's transition to clean energy. And clean energy transition is critical to meeting our climate targets, energy security and supply stability, and controlling and abating inflation impacting Australians.

'Lack of transmission is already impacting consumers. We have seen all of these impacts in stark relief this winter. Households and businesses are being unnecessarily impacted by rising global coal and gas prices, and have been subjected to rising prices and unstable supply because of outages at ageing coal-fired power stations. Climate change is visible to us all.'

Nexa engaged Endgame Economics to provide evidence-based insights into the likely impact on consumers' electricity bills (households and small business) of delays to the required new electricity transmission upgrade and build (compared with the Integrated System Plan (ISP)).

The modelling shows that:

- if transmission is built according to AEMO's Integrated System Plan, nearly all consumers experience the lowest prices (compared with the delay scenarios).
- a delay of even one year in delivering new transmission results in higher bills for consumers.
- as delays to the building of transmission get longer prices are higher and 'spikier'.
- A two-year delay would lead to an average 3.5% bill increase for small businesses across the NEM. With a four year delay this would be 10.8%.
- In most cases, doubling the amount of delay leads to more than doubling the bill impact.
- Victoria is most severely impacted because of its reliance on energy generation in NSW and Tasmania. (There would be significant price spikes if HVNI West and Marinus Link are delayed.)
- a four year delay of VNI and Marnus Link would lead to an average of 30% bill increase for small businesses in Victoria- Victorian business consumers will experience the highest bill impact across the NEM
- Tasmania would see a temporary fall in bills if the Marinus Link was delayed, due to over-supply of renewable electricity locally, but prices would rebound to higher levels once the link is constructed.
- avoiding the cost of building new transmission does not lower consumers' electricity bills.
- the increase in the wholesale cost of electricity due to delays far outweighs any 'saving' from not building the transmission, because low-cost renewable electricity cannot then be utilised widely in the National Electricity Market.

Nexa made clear in its briefing note to the energy ministers' meeting on 8 June 2022 that it believes the new Federal Government's \$20billion 'Rewiring the Nation' policy package can remove key [roadblocks](#) and supercharge the transmission build, empower the state governments to deliver on their plans, ensure an orderly transition, and reduce the upward pressure on and volatility of electricity prices for consumers.

In that note it set out that the funding and policy package must:

- expedite ISP priority projects by removing these projects from the out-of-date regulatory RiT-T process.
- embed a government/private co-funding arrangement to underpin the financing of new transmission.
- fund appropriate payments to host landholders and communities (with an associated governance framework), to ensure social licence to build and operate transmission, and thus remove the current approvals 'drag' – this would be similar to that of the state-led renewable energy zones.

About Nexa Advisory

Nexa is a full-service advisory firm. We work with public and private clients including renewable energy developers, investors and climate impact philanthropists to help accelerate the clean energy transition. We've been shaping the energy industry for over 20 years. With a proven track record across policy creation, advocacy, political risk assessment and project delivery, we're holistic in our approach and deliver solutions with commercial intent.

The Nexa Advisory team is a collaboration of passionate energy specialists, all committed to the successful transformation of Australia's energy markets. The team is focused on helping clients grasp the unpredicted opportunities the energy transformation will bring. The decentralisation of energy promises, for the first time, to enable a truly democratised ecosystem with people and communities at the centre. We believe in an energy industry

where people are at the centre of every recommendation we make. This belief guides our approach to the challenges we solve, and the outcomes we create.

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