



Energy Transition News | September 2024

EDITION 3

Welcome to Nexa Advisory's newsletter, Energy Transition News, a regular update on the world of policy and the energy transition.

This edition covers work we have done over the last six weeks on the key issues arising in the energy transition in Australia.

Our work always focuses on accelerating the clean energy transition, through strategic advice seated in deep policy experience and analytical skills.

The topics we are working on and cover in this newsletter are:

- Consumer Energy Resources
- Getting transmission built on time
- Energy Transition: Consultations and reports

We welcome your feedback

We want to know how we can improve this service and make the content as useful as possible for you.

Register your interest

KEY TOPIC:

Consumer Energy Resources



What is happening in the market

The New South Wales Consumer Energy Roadmap, released last week, outlined 50 actions being undertaken by the NSW Government to get the transition back on track. This included targets for rooftop solar and batteries – including 1 million households and 3,400MW of Virtual Power Plant capacity by 2035, which aligns with AEMO’s ISP. Many of these actions aligned with our submission to the process earlier this year.

The recent ENA report, “The Time is Now” released in August advocates for a greater role for Distribution Network Service Providers in delivering a distributed and decentralised energy future to accelerate Australia’s decarbonisation. This would be achieved through rolling back ring fencing, which the ENA argues would result in \$160 per year saving for customers by 2030. This is a small benefit compared to the Energy Consumers Australia’s estimated customer savings of \$2,250 per year by 2030 through electrification and raises the risk of unintended consequences and uncompetitive outcomes.

Nexa Advisory reports and submissions that address the issues

A Public Hearing on the Transition to Electric Vehicles inquiry was held in Canberra on Friday 13 September where Nexa Advisory CEO Stephanie Bashir, amongst other representations, noted that the federal government should consider ways to financially support the take up of EVs and to help consumers invest in low-emission technology, as they did with solar panels.

[Nexa Advisory Submission: Transport and Infrastructure Net Zero Consultation Roadmap](#) Our response and recommendations primarily focus on light on-road vehicles.

[Nexa Advisory Submission - AEMC Electricity pricing for a consumer-driven future review](#) Nexa Advisory broadly supports the scope of the AEMC's Review – which is long overdue – and the key focus areas, including:

- Market arrangements that provide for consumer choice between a range of appropriate products, services, and associated prices that suit their needs and preferences
 - The role of distribution networks in enabling the right products, services, and incentives for consumers, and the efficient cost and pricing outcomes that result
 - The role of retailers and energy service providers in effectively packaging and pricing electricity products and services to match consumer preferences
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[Nexa Advisory Submission to AER Community Battery Class Waiver](#). In this submission from January 2023, we supported the AER's streamlined waiver process for DNSP-owned batteries. We cautioned against applying a class waiver at this early stage of the community battery

market, as it could set an unfavourable precedent with unintended consequences.

KEY TOPIC:

Getting transmission built on time



What is happening in the market

Transmission is the missing link in Australia's transition to clean energy. We plan the transmission we need, but then we don't build it, or at least not nearly fast enough. This failure to build transmission quickly enough is an existential threat to Australia's energy system.

Nexa Advisory's previous work has highlighted the key roadblocks to building the transmission projects we so desperately need to achieve the transition and provide secure, reliable and affordable power for consumers of all types.

Nexa Advisory reports and submissions that address the issues

Our recent [Supercharging Transmission Buildout](#) report argues the regulatory framework needs to support the rewiring of the nation in a way that builds trust between the government, regulators, transmission proponents and the public. That is, the regulatory system needs to:

- deliver what it says it will deliver, without delays; and

- build social license and provide equitable outcomes for communities that are disrupted

A more radical approach is needed to ensure our regulatory frameworks create transparency and accountability for not only the network operators, but also state governments to ensure these projects are delivered on time.

Our recommendations reflect the need for a shift towards performance-based regulation. Innovative economic regulation in other Australian sectors has demonstrated the benefits of incentivising proponents to focus on delivery and consumer value.

Nexa Advisory Submission - Draft Victorian Transmission Plan

Guidelines. We highlight the need for VicGrid to support ongoing industry and community engagement throughout early planning of transmission pathway design. This is particularly important around the planning standard set by VicGrid, and other design elements which are critical to ensuring investor confidence.

Nexa Advisory Submission - AEMC Interconnector Cost Allocation

Nexa Advisory does not believe the draft rule change provides adequate certainty or confidence around the timely delivery of transmission. We consider that a mechanism which allows for 'beneficiary-pays' cost allocation of nationally significant interconnector projects would constitute a simple and efficient solution. Together with certainty around coal retirement, it is critical that any rule changes provide certainty around transmission delivery and provide the market confidence required to progress the transition.

Additionally, there has been much consultation and discussion with State and Territory Energy Ministers and other interested stakeholders after the release of our Consumer Cost of Transmission Delays Report in July.

KEY TOPIC:

Energy Transition: Consultations and Reports



What is happening in the market

AEMO released the consultation on the [2025 Inputs Assumptions and Scenarios Report](#), which will inform the 2026 ISP. In our [submission](#), we support the development of ambitious and plausible scenarios to provide a vital signal for investors, policy makers and broader industry to understand the pathway forward through Australia's transition to a clean energy economy. These should align with Australia's emission reduction targets and the Paris Agreement commitment to pursue efforts to limit global warming to 1.5°C.

We also highlight the role of joint planning and engagement with relevant industry participants in developing clear inputs and assumptions, and the importance of social license for Consumer Energy Resources (CER) coordination.

[National Energy Performance Strategy - DCCEEW](#) was launched in April 2024. Our CEO Stephanie Bashir has been nominated to represent the Smart Energy Council on the Energy Performance Advisory group. As mentioned in our last newsletter, the Energy Ministers agreed to publish a National Consumer Energy Resources Roadmap in July 2024.

The CER Working Group established a Consumer Energy Resources Taskforce Reference Group to provide a pathway for key stakeholders to consider and provide advice on CER reforms. Our CEO Stephanie Bashir

has been nominated to represent the Smart Energy Council on the DCCEEW CER taskforce reference group.

Nexa Advisory reports and submissions that address the issues

[Nexa Advisory Submission- Orderly Exit Management Framework Draft Exposure Bill and Rule](#) The design of the OEM Framework still has fundamental flaws that have not been addressed. This is a missed opportunity for the energy sector, that could potentially be used for future fossil fuel asset closures including gas.

Since the publication of the OEM Framework consultation paper in mid-December 2023, a significant pipeline of projects has been supported by NSW Long-Term Energy Service Agreements (LTESA) and the federal Capacity Investment Scheme (CIS).

The success of these tenders – including the recent awarding of 6 BESS projects under the [pilot CIS tender](#) - demonstrates strong private investor appetite in the state. However, the uncertainty of delayed coal exit will have significant commercial implications for these projects. The NSW Government must ensure the exit of Eraring coal power station can be comfortably managed with no further extensions.

The agreement between NSW Government and Origin Energy has an expiry date. However, a 'coal exit' plan has not yet been released to provide certainty that the Eraring power station will not be extended beyond the initial two years.



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