

2 October 2026

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To AusEnergy Services Limited,

**Climateworks Centre submission to the Electricity Services Entry Mechanism Contract Co-Design Consultation, with specific observations on emissions alignment.**

Climateworks Centre welcomes the opportunity to provide feedback to the AusEnergy Services Limited (ASL) and the Electricity Contract Co-Design Working Group. The consultation focuses on preferred contract structures for bulk energy, shaping and firming services for use in the first Electricity Services Entry Mechanism (ESEM) tender.

Climateworks bridges the gap between research and climate action, operating as an independent not-for-profit within Monash University. We are climate transition specialists, working with decision-makers who have the power to reduce emissions at scale. Climateworks accelerates ambitious, evidence-based action for net zero in Australia and Southeast Asia.

Climateworks supports the overall intent to establish distinct, standardised contract structures that value bulk energy, firming and shaping services. Co-designing contracts across these three streams is a valuable step towards meeting the National Energy objectives and supporting structured investment.

**Climateworks suggests the working group considers how the proposed contract structures interact with the emissions-reduction component of the National Electricity Objective**

The proposed bulk energy contract is intended to support emissions reduction, while the shaping and firming contracts do not appear to have a way to consider impact on emissions. Storage charged during emissions-intensive periods, for example, may produce a different outcome from storage or flexible demand that absorbs otherwise-curtailed renewable generation. Demand-side management may also reduce peak demand and defer additional generation or network capacity. Allowing these effects to be visible in the ESEM's assessment framework could support better decision-making even if they do not alter the standard financial terms of the contracts. Including an appropriate emissions performance measure as part of contracts could help support the emissions reduction objective. This could allow those investing in the contracts, and those designing policy to increase these investments, to consider fuller impacts of the National Electricity Objective (NEO).

We note that technologies that meet the shaping and firming contract requirements may have different impacts on infrastructure needs and that changing the timing or level of consumption can potentially reduce the need for generation and network capacity. Understanding this potential can help the Electricity Contract Co-Design Working Group determine how the ESEM and model contracts could meet all objectives of the NEO.

Thank you for taking the time to consider our submission. We welcome an opportunity to brief ASL and provide further insights from our work.

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