

Contact Officer: James Bullock
Contact Phone: 08 8456 3546

16 July 2025

Ms Nevenka Codevelle
Executive General Manager
AusEnergy Services Limited

Email: nevenka.codevelle@aemoservices.com.au

Dear Ms Codevelle

Re: Consultation on tender rules for long-term energy service agreements and access rights

I refer to the consultation by the Consumer Trustee with the Australian Energy Regulator (AER) on the proposed amendments to the tender rules for long-term energy service agreements (LTESA), as required under section 47(6) of the *Electricity Infrastructure Investment Act 2020* (NSW) (EII Act).

This letter provides comments on your proposed amendments to the tender rules, which you provided to us on 23 June 2025. Please note that we intend to publish this letter and the proposed tender rules provided to us, together with any feedback from the Consumer Trustee, following the gazettal of any revised tender rules. We consider that this provides appropriate transparency for interested parties.

We note that the EII Act and *Electricity Infrastructure Investment Regulation 2021* (NSW) (EII Regulation) do not prescribe the manner in which the consultation with the AER under section 47(6) must be carried out. Section 47(5) of the EII Act does provide that the Consumer Trustee must make tender rules that are consistent with the regulations to deal with various prescribed matters.

In reviewing the proposed tender rules, we have therefore given consideration to whether the proposed tender rules:

- a. are likely to be consistent with EII regulation 26(1) which addresses with the particular matters in section 47(5) of the EII Act; and,
- b. will likely facilitate competitive outcomes for LTESA agreements that are in the long-term financial interests of NSW electricity customers.

We have also given consideration to whether the proposed changes are likely to otherwise comply with the EII Act and EII Regulation.

We understand the key proposed change is to amend the LTESA auction process from a two stage to a one stage process. This is a change from the current settings, where proponents submit bids against non-financial merit criteria, and then short-listed proponents are invited to submit a financial value bid.

We consider this change is likely to have several benefits for both proponents and the Consumer Trustee, and is likely to be in the long-term financial interests of consumers, for the following reasons:

- We do not believe that this change impacts the key competitive drivers in the tender process set out in clause 26(1) of the EII Regulation), namely transparency, openness and fairness.
- After several years of operation, we understand that the LTESA process has achieved a high level of maturity and stability, and that market participants now have a robust understanding of competitive risk allocation in their bids,
- Reductions in the length and complexity of the tender process could lead to cost savings and efficiencies for all parties, and faster decisions will benefit proponents by providing earlier commercial certainty.

Whilst not part of our consideration under the EII Framework, we also see a benefit for proponents in aligning the LTESA auction process with announced changes to the Commonwealth Capacity Investment Scheme (CIS), where appropriate.

We also understand that additional changes to the rules have been proposed to meet updated regulatory requirements, including:

- Updates to Consumer Trustee obligations to provide the Infrastructure Planner with information as part of a tender for access rights;
- Amendments to the factors the Consumer Trustee must take into account when assessing LTESA bids for firming and long duration storage.

Thank you for the Consumer Trustee's consultation with the AER on the proposed tender rule changes.

Should you wish to discuss any of the matters raised, please contact James Bullock, Director, REZ Branch at James.Bullock@aer.gov.au or 08 8456 3546.

Yours sincerely



Kate Symons
Board Member
Australian Energy Regulator