

26 May 2023

Ms Anna Collyer  
Chair  
Energy Security Board

Lodged via email [info@esb.org.au](mailto:info@esb.org.au)

Dear Ms Collyer

### **Submission in response to ESB Transmission access reform consultation paper**

Enel Green Power welcomes the opportunity to provide a submission in response to the Transmission access reform consultation paper.

#### **Queueing model undermines investor confidence**

Utility-scale renewable projects are capital intensive. Enel Green Power, as well as many other developers in the NEM, relies on external financing from institutional investors (such as banks).

Institutional investors assess bankability of projects by undertaking extensive modelling on project's revenue forecast. More uncertainty in revenue forecast will reduce the bankability of the project.

Global developers, such as Enel Green Power, evaluate development opportunities on a global level. Too much uncertainty in a specific jurisdiction will result in less investment in that jurisdiction.

The proposed queueing model introduces more uncertainty to new projects' revenue forecast. New projects will face a significant amount of more curtailment. This will undermine investor confidence, and reduce the speed of decarbonisation of the grid.

The proposed Congestion Relief Market will not improve investor confidence. The moderate increase in dispatch, if any, will expose generators to basis risks between their nodal price and regional reference price.



All these uncertainties will lead to an increase in the levelised cost of energy for renewables, which ultimately will be borne by energy consumers.

**Any investment-scale signal must be temporary and sub-region**

We encourage the ESB to explore models which may send strong investment signals without harming investor confidence in Australia.

This model must only be at sub-region level, and only apply to sub-regions where overall curtailment level exceeds a certain threshold.

AEMO and TNSPs may set a region-specific target curtailment level. TNSPs should be responsible for maintaining the target curtailment level for each sub-region. For any sub-region where the overall curtailment level exceeds the curtailment level, responsible TNSPs must consider network options to reduce the curtailment, while implementing a tiered access arrangement.

**CRM will result in new renewable projects subsidising existing fossil fuel power plants**

The proposed CRM will allow generators and batteries to trade access rights. Even though fossil fuel plants are usually located in uncongested areas, it is possible renewable generators will trade access rights with fossil fuel plants under certain circumstances. This will further delay the decarbonisation of the grid.

Further queries can be directed to myself at [chester.li@enel.com](mailto:chester.li@enel.com).

Yours faithfully,

**Chester Li**  
**Regulatory Affairs Manager**  
Enel Green Power Australia



## About Enel Green Power

Enel is a multinational power company and a leading integrated player in the global power and renewables markets. At global level, it is the largest renewable private player, the foremost network operator by number of end users and the biggest retail operator by customer base. The Group is the worldwide demand response leader and the largest European utility by ordinary EBITDA<sup>1</sup>. Enel is present in 30 countries worldwide, producing energy with around 88 GW of total capacity.

Enel Green Power, within the Enel Group, develops and operates renewable energy plants worldwide and is present in Europe, the Americas, Africa, Asia and Oceania. A world leader in clean energy, with a total capacity of around 59 GW and a generation mix that includes wind, solar, geothermal, and hydroelectric power, as well as energy storage facilities, Enel Green Power is at the forefront of integrating innovative technologies into renewable energy plants.

Enel Green Power entered the Australian market in 2017 with the construction of one of Australia's largest solar plants, Bungala Solar Farm, located in South Australia. Our Australian operations now include three solar plants with a consolidated capacity of around 310 megawatts (MW). In 2022, Enel Green Power commenced construction of our first wind farm in Australia, with a capital investment of over \$200 million and a 12-year power purchase agreement with BHP. In 2023, Enel Green Power is targeted to commence construction of a solar farm project in Victoria, with a capital investment of over \$140 million. Furthermore, Enel Green Power has a significant pipeline of wind and solar projects under development across Australia. To learn more about Enel Green Power in Australia and our projects in the pipeline, please visit [www.enelgreenpower.com/countries/oceania/australia](http://www.enelgreenpower.com/countries/oceania/australia).

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<sup>1</sup> Enel's leadership in the different categories is defined by comparison with competitors' FY 2022 data. Publicly owned operators are not included.