

National Electrical and Communications Association - Submission

Submission to the Australian Energy Regulator regarding the Ausgrid 'Community Power Network' Ring-fencing waiver application

September 2025

Introduction

The National Electrical and Communications Association (NECA) provide this submission in response to the invitation by the AER to participate in public consultation about Ausgrids 'Community Power Network' Ring-fencing waiver application

NECA acknowledge that in the transition from the traditional distribution of electrical energy to the management of distributed sources of power and storage, there is a need to trial ways of achieving the technical and economic solutions required to achieve reliable supply at a reasonable cost to all consumers.

Overview

NECA is the peak body for Australia's electrical and communications industry, which employs 344,370 people and turns over more than \$82bn annually. NECA represents over 6,500 businesses performing works including the design, installation, and maintenance of electrical and electronic equipment in the construction, mining, air conditioning, refrigeration, manufacturing, communications, security, automation, and renewable energy sectors.

NECA has advocated on behalf of the electrotechnology industry for over 100 years and helps its members and industry operate in an efficient, safe, and regulatorily compliant manner. NECA represents the interests of electrical and communication businesses to all levels of government and in regulatory, legislative and industry development forums.

NECA members make an essential economic contribution – connecting businesses, homes, and infrastructure – encouraging investment, improving reliability and energy security, and delivering affordable, environmentally sustainable outcomes. The safety and reputation of the electrical industry is critical to tradespeople, consumers, and the community.

NECA also plays an integral role in the development of the next generation of Australia's electrical and communications tradespeople and contractors. Through its associated Group Training Organisations (GTOs) and Registered Training Organisations (RTOs), NECA offers employment and trade training to some over 2000 apprentices and tradespeople nationally.

Commentary

The nature of the proposal presents a rather interesting prospect NECA members. If the trial is successful in stimulating a portion of consumers to 'super-size' solar and battery capacity at their installations, then electrical contractors (including our members) are likely to benefit from the increased activity in those larger scale installations.

The concerns we have are that in being able to

- i. identify optimal/preferred locations (spatial energy plan) for additional optimal installations, then
- ii. co-ordinating reverse auctions, then
- iii. potentially determining the need to be a provider of last resort, then
- iv. having the opportunity to broker a solution with individual customers in an unregulated market, then
- v. having a perverse incentive (notwithstanding Ring-Fencing Rules) to recommend and preference their own RESP (Plus ES) to the customer.

Ausgrid are creating an environment whereby they can distort both the outcome of the trial and competition for electrical services to the detriment of legitimate businesses.

Such an environment is unacceptable when the Ring-Fencing Guidelines are as manifestly inadequate and open to exploitation by DNSPs/RESPs as they are in their current form.

If the trial is to have any integrity as an assessment of the economic model, then

- i. the ability of Ausgrid to participate as solar operator of last resort for behind the meter installations needs to be removed altogether.
- ii. PlusES should be prohibited from tendering for or participating in behind the meter projects that are successful in the reverse auction process or brokered by Ausgrid. On the basis that there is an explicit conflict of interest for Ausgrid to preference PlusES that the Ring-Fencing Guidelines and AER are unable to appropriately constrain.

We are similarly concerned that the waiver application does not adequately articulate how the reverse-auction process will establish suitable criteria and/or be overseen by the AER to ensure competitive neutrality.

The stimulation of efficiently deployed additional generation and storage capacity within the community would indeed be an excellent outcome, with the potential benefit of

deferring and/or reducing the need for additional network capital expenditure and distributing the benefits to the community.

However, the proposal for Ausgrid to fund projects as a solar operator of 'last resort' is potentially an immediate distortion to the markets in which Virtual Power Plants (VPP) and retailers operate.

Furthermore, NECA have observed (and reported on) the suggestion of at least one situation where Ausgrid have brokered an electrical services contract on behalf of another organisation (local council) utilising a closed tender process and resulting in the award of the tender to its own RESP by the council. Examples such as this mean that NECA has no confidence in the ability of the AER to oversee DNSP/RESP conflicts of interest or constrain such anti-competitive outcomes affecting our members via timely or appropriate enforcement.

Recommendations

1. The AER should proceed with caution in assessing this application to ensure competitive neutrality is maintained and markets are not distorted by the actions of Ausgrid.
2. Require that spatial energy map data be made for each zone substation region be made either publicly available or available to registered market participants in the NEM, as and when it is available.
3. Require the removal of the ability for Ausgrid to perform the function of solar operator of 'last resort'
4. Urgently proceed on reform of the Ring-fencing Guidelines to remove unnecessary avenues for exploitation and improve transparency of monopoly activity.

To arrange NECA's further participation discuss any matter relating to the impact of energy network regulation on the electrotechnology industry, please contact NECA's

[REDACTED], at

[REDACTED] or on [REDACTED]

Yours faithfully,

[REDACTED]
[REDACTED]
Chief Executive Officer
National Electrical and Communications Association (NECA)