

29 May 2024

Essential Services Commission
Level 8
570 Bourke Street
Melbourne Victoria 3000

By email to: licences@esc.vic.gov.au

To whom it may concern,

**Powercor Australia Limited – Application for Electricity Transmission Licence –
Submission to public consultation**

Equis welcomes the opportunity to submit its views in relation to Powercor Australia Limited's ("**Powercor**") application for a geographical electricity transmission licence in Victoria.

Equis is an established developer, owner and operator of renewable generation, with a large portfolio of storage and wind energy projects. Equis is currently building the Melbourne Renewable Energy Hub ("**MREH**"), one of Australia's largest utility-scale batteries, with the State Electricity Commission in Victoria.

Over the last decade, Equis has built transmission and distribution assets for the connection of 27 renewable generation facilities and a total of 574 kms of transmission lines in South East Asia.

In relation to Powercor's application, we note that any participant wishing to compete in the transmission services market in Victoria, and more broadly in the National Electricity Market ("**NEM**"), is required to apply for an electricity transmission licence that is limited to a specific set of assets, and each time a new asset is built. It was confirmed at Powercor's webinar on 16 May 2024 that Powercor's application for a geographical licence is centered on its current favorable position of supplying electricity across 64% of Victoria as one of only four Victorian Distribution Network Service Providers ("**DNSPs**").

Granting a geographical license to Powercor on the basis of its existing DNSP status would provide Powercor with an unfair market advantage, and create further disadvantage for new, non-DNSP participants in the transmission market, as Powercor would be able to approach the market with a pre-granted transmission license. Individual participants capable of providing transmission services do not have the advantages of being a DNSP (such as having existing infrastructure, footprint and customer base) and having a pre-granted license to approach the market with.

Equis supports the view that having more transmission licence holders will provide better outcomes for Victorians and welcomes competition in all facets of the electricity market, including in the provision of transmission services. However, Equis questions the competition benefits of granting a geographical transmission license to a DNSP that non-incumbent participants do not have the option to obtain.

It is crucial to strike a balance that fosters competition, encourages innovation, and ensures fair access to the transmission market. Equis submits that moving from a market with one Transmission Network Service Provider (“**TNSP**”) to a market with two TNSPs holding geographical licences and potential new entrants being required to apply for a transmission licence on an asset-specific basis, is unlikely to achieve this.

Equis submits that a broadly beneficial resolution to the lack of competition in the transmission market is to increase the number of smaller TNSPs with lower costs and cheaper capital. Ensuring equal opportunity and conditions for leaner, smaller providers to participate in the transmission market would increase competition and benefit Victorian consumers, as well as accelerate the energy transition. This is particularly true for the smaller transmission extensions that Powercor is targeting with this licence.

Placing smaller TNSPs at a disadvantage in respect of the electricity transmission licensing process would prevent achievement of the ESC’s objective to promote the long-term interests of Victorian consumers with respect to the price, quality and reliability of essential services.

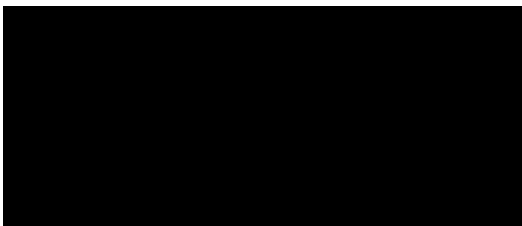
If the objective of licensing Powercor is to provide competition to Victoria’s primary TNSP, AusNet Services, this can still be achieved if Powercor is required to apply for individual transmission licences in the same way that other individual participants are required to do. This has previously been done by Powercor with Transmission Operations (Australia). This approach would not prejudice smaller participants, would enable the entry of more TNSPs, and would create true competition. Notably there is already an imbalance against new participants with AusNet Services having a geographical transmission license.

Conversely, granting this license to Powercor could have the effect of muscling out providers who do not have DNSP status and yet have funding and capabilities to provide more favorable and cheaper transmission services. Connecting parties would be left to choose between two arguably expensive providers, with electricity prices likely to increase accordingly, rather than from a larger pool of providers competing fairly.

We trust that the ESC will find these considerations meaningful and useful in its assessment of whether to grant a geographical transmission licence to Powercor.

We are happy to discuss this further or provide additional information to assist the ESC in making its decision.

Yours faithfully

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Equis Australia Management Pty Ltd