

**Submission  
No 63**

## **INQUIRY INTO CLIMATE CHANGE (NET ZERO FUTURE) BILL 2023**

**Organisation:** Ausgrid  
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Ms Sue Higginson, MLC  
Chair  
Portfolio Committee No. 7 – Planning and Environment  
Submitted via online portal  
CC: [portfoliocommittee7@parliament.nsw.gov.au](mailto:portfoliocommittee7@parliament.nsw.gov.au)

24-28 Campbell St  
Sydney NSW 2000  
All mail to  
GPO Box 4009  
Sydney NSW 2001  
T +61 2 131 525  
[ausgrid.com.au](http://ausgrid.com.au)

Dear Ms Higginson, MLC and Committee Members

### **Ausgrid submission to the NSW Parliamentary Inquiry into the Climate Change (Net Zero Future) Bill 2023**

Ausgrid welcomes the opportunity to respond to the NSW Parliamentary Inquiry into the *Climate Change (Net Zero Future) Bill 2023 (the Inquiry)*. Ausgrid operates a shared electricity network that powers the homes and businesses of more than 4 million Australians living and working in an area that covers over 22,000 square kilometres from the Sydney CBD to the Upper Hunter. We are a key economic enabler for metropolitan and regional NSW.

We strongly support the *Climate Change (Net Zero Future) Bill 2023 (the Bill)* and its aims to create emissions reduction targets in law in NSW, including its commitments to reduce emissions by at least 50% by 2030 and achieving net zero emissions by 2050. However, we recommend amendments to the Bill to ensure NSW is able to meet these targets by:

- Setting targets for NSW distribution network service providers (**DNSPs**) to deliver net zero infrastructure and services like community batteries, electric vehicle charging infrastructure and distributed renewable energy zones. This will enable NSW DNSPs to be able to start to deliver this infrastructure over the next five years, instead of waiting until at least FY30, when our next regulatory period commences;
- Including a principle that ensures the net zero transition is delivered at least cost, and in the most efficient way to the community, while embedding the transition in a regulatory framework that provides consumer protections for net zero choices; and
- Including on the commission a member with skills, qualifications and experience in the energy sector, specifically networks, like Ausgrid, given the sector's critical role to enable a net zero future in NSW. Consideration of a committee member with a focus on consumer protections would also be beneficial.

### **Sydney, Central Coast and Upper Hunter residents and small businesses see a role for Ausgrid to deliver a net zero transition**

Ausgrid engaged in deep consultation with the residents of our network area in NSW about whether DNSPs should play a role in the net zero transition over the next five years.<sup>1</sup> Our customers' priorities were for DNSPs to deliver communities a climate resilient, affordable and net zero future as quickly as possible.

On 21 October 2023, our consultation culminated 21 months and 118 facilitated workshop hours of deliberative customer consultation with over 70 residential customers. 59% of the

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<sup>1</sup> For more information about our deep customer consultation processes, see chapter 3 of our 2024-29 Regulatory Proposal to the Australian Energy Regulator: <https://www.aer.gov.au/system/files/Ausgrid%20-%202024-29%20Regulatory%20Proposal%20-%2031%20Jan%202023%20-%20Public%200.pdf>

independently selected customers told us that despite the broader cost of living pressures they support our proposed expenditure for the FY24 to FY29 period on climate change resilience and net zero programs. The Australian Energy Regulator rejected 86% and 69% of these proposed programs respectively in its 28 September 2023 Draft Decision.<sup>2</sup>

Ausgrid wants to be able to fulfil our customers', the NSW Government's, and our own ambitions for an accessible, affordable and lowest cost transition to a net zero future in NSW. The two largest sectors contributing to emissions in NSW are energy generation and transportation. We see our role as critical to enable the transition to net zero for both sectors in a planned, least cost, efficient and regulated way.<sup>3</sup> This is even more important as electric vehicle sales are forecast to double within the next year alone.<sup>4</sup>

However, with energy consumers footing the bill for the net zero energy and transportation sector transition and with increasing cost of living pressures, more needs to be done to update the regulatory framework to ensure energy consumers have consumer protections and safeguards for an accessible, affordable and lowest cost net zero transition.

### **Targets for NSW DNSPs to be able to deliver net zero infrastructure and services**

While Ausgrid supports the objectives and principles in clauses 4 and 8 of the Bill, we recommend that the Bill include specific obligations on NSW DNSPs, like Ausgrid, to deliver net zero infrastructure. For example, for community and distributed batteries, DNSP-led electric vehicle charging infrastructure and distributed renewable energy zones.

We note the NSW Government's recent response to the Electricity Reliability and Security Check sees a role for NSW DNSPs to provide distributed batteries and distributed renewable energy zones. However, the national framework through which we are regulated, does not have a framework for us to do so.

We refer to our submission to the Federal Parliamentary Inquiry into Residential Electrification in which we, jointly with Endeavour Energy and Essential Energy, advocate for a customer-led energy transition to net zero.<sup>5</sup> However we note that there are regulatory barriers that prevent DNSPs from delivering net zero infrastructure in NSW. This Bill presents an opportunity to set targets and obligations on NSW DNSPs to deliver these services in time for the Australian Energy Regulator's final determination in April 2024.

### **Include a consumer protections principle for when residents choose to invest in net zero**

It is imperative that the transition towards net zero, through electrification, is delivered at least cost, with customer protections at the centre of policy development. This must include suitable and streamlined regulatory processes noting the acceleration required to achieve the net zero targets.

Ausgrid is concerned that the current fragmented approach to the energy transition with multiple players seeking to create an unregulated profit margin from the transition will continue to negatively impact customers and compound cost of living pressures. Traditional electricity infrastructure, once built, becomes the built environment for the next 50 years, and new

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<sup>2</sup> AER (2023). Ausgrid Electricity Distribution Determination 1 July 2024 to 30 Jun 2029. <https://www.aer.gov.au/system/files/AER%20-%20Draft%20Decision%20Overview%20-%20Ausgrid%20-%202024-29%20Distribution%20revenue%20proposal%20-%20September%202023.pdf>

<sup>3</sup> NSW EPA, (2021). NSW State of the Environment 2021. P. [https://www.soe.epa.nsw.gov.au/sites/default/files/2022-02/21p3448-nsw-state-of-the-environment-2021\\_0.pdf](https://www.soe.epa.nsw.gov.au/sites/default/files/2022-02/21p3448-nsw-state-of-the-environment-2021_0.pdf)

<sup>4</sup> CSIRO (2023). Electric vehicle projections 2023.

<sup>5</sup> See: <https://www.aph.gov.au/DocumentStore.ashx?id=b50cdf7a-3d09-42de-9360-a0503eb3b78f&subId=748955>

electricity infrastructure like community batteries and electric vehicle charging infrastructure for 10 to 20 years.

For example, to date, NSW has lacked a framework to protect customers when they have chosen to finance net zero choices by installing rooftop solar and batteries in their homes and businesses. Ausgrid's innovation program recently purchased data from over 200,000 smart meters in our network area. This data has improved Ausgrid's ability to see overvoltage issues on our network caused by rooftop solar, we are currently observing around 82 per cent of rooftop solar installation in our network being non-compliant. Australian Energy Regulator data confirms that NSW has among the worst levels of overvoltage in the National Electricity Market. These overvoltage issues do not just create problems for rooftop solar customers but non-rooftop solar customers as well. However unlike other jurisdictions, DNSPs' only tool is to disconnect a non-compliant installation which is a poor outcome for customers who have invested thousands of dollars in net zero infrastructure.

With record numbers of rooftop solar being installed in NSW, the non-compliance by solar installers will continue to compound without the introduction of a regulatory framework that enables NSW DNSPs, or requires NSW Fair Trading, to enforce training, compliance and reporting on electrical installers. Ultimately, the lack of regulatory framework will continue to lead to inefficient outcomes and a lost opportunity to maximise NSW residents' investment in the transition to net zero. For more information, see our submission to the Australian Energy Market Commission's consultation on consumer energy resources technical standards.<sup>6</sup>

We are concerned that other examples of lack of consumer protections and poor customer outcomes will arise in relation to electric vehicle charging infrastructure as more customers purchase electric vehicles, due to the current unplanned, fragmented, and market-led roll out. The Net Zero Commission could then use Clause 14 of the Bill to make recommendations to the NSW Government to amend legislation like the *Gas and Electricity (Consumer Safety) Act* and *the Electricity Supply Act* to ensure adequate customer protections and for DNSPs to be given greater responsibility to implement those protections.

### **Commission members to reflect where opportunities for the net zero transition and consumer programs are the greatest**

We recommend broadening representatives on the Net Zero Commission. It should include those with skills, qualifications and experience in supporting net zero transition for customer energy resources like rooftop solar and electric vehicles like Ausgrid. It should also ensure the net zero transition affords adequate consumer protections from including a customer advocate member. This would also enable consideration of how the increased utilisation of DNSP assets could enable a lower cost and faster transition to these net zero targets.

If you have any questions about our submission, please contact, Naomi Wynn, Regulatory Policy Manager, Ausgrid at \_\_\_\_\_ or \_\_\_\_\_.

Regards

Alex McPherson  
Acting Group Executive, Market Development and Strategy

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<sup>6</sup> See: <https://www.aemc.gov.au/sites/default/files/2023-06/19.%20NSW%20DNSPs%20-%20Submission%20to%20draft%20report%20-%20EMO0045%20-%200020623.pdf/>.