

12 September 2025

Barry Sterland & Martin Stokie
Commissioners
Productivity Commission
Via electronic submission

Dear Commissioners,

Ausgrid response to the Productivity Commission's Interim Report on cheaper, cleaner energy and the net zero transformation

We welcome the opportunity to provide this response to the Productivity Commission's **(the Commission)** Interim Report on *Investing in Cheaper, Cleaner Energy and the Net Zero Transformation* (**Interim Report**). 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 in NSW.

Ausgrid is committed to a net zero future. Distribution businesses, like ours, will play a critical role in supporting Australia's energy transition and journey to net zero at least cost by enabling communities, businesses and industries to decarbonise and electrify. We thank the Commission for recognising that, to reduce our nation's emissions and improve productivity at the same time, Governments must prioritise policy and regulatory action that supports a timely and orderly energy transition.

Ausgrid broadly supports the three areas of focus identified in the Interim Report. Our submission has grouped feedback on these areas, and the Commission's 12 draft recommendations, into three key themes:

1. Productivity growth depends on a resilient electricity network

As the Commission acknowledges, the electricity sector is critical for economy-wide decarbonisation, enabling other sectors to substitute the direct combustion of fossil fuels for renewable sources of electricity.¹ At the same time however, as other critical sectors across the economy such as transport, telecommunications, water and heating digitise or electrify, the resilience of electricity networks becomes increasingly important for Australia's overall productivity.

Ausgrid notes that climate related events are increasing in frequency and severity. In FY2025, the NSW Government declared 31 natural disasters.² These events are also having a disproportionate impact on the resilience of our network. Over the 15-year period to FY2023, only 12 percent of outages across Ausgrid's overhead network were caused by climate events but were responsible for 62 per cent of customer downtime. In addition to draft recommendation 1.1, which calls on Governments to prioritise introducing

¹ Productivity Commission, [Investing in Cheaper Cleaner Energy and the Net Zero Transformation Interim Report](#) (August 2025), p 13

² NSW Government, [Natural Disaster Declarations from Financial Year 2024-25](#) (accessed 2 September 2025)

electricity market settings for beyond 2030, we therefore encourage the Commission, in its Final Report, to consider further actions that can support the resilience of electricity networks and electricity customers.

Specifically, the Commission should consider how to better clarify the roles and responsibilities of those undertaking activities that build the capacity of customers to deal with climate event outages themselves. These activities, such as Ausgrid's Community Hub program³, are strongly supported by customers and can deliver flexible and adaptable support that can cost-effectively complement or even offset network investment. While investing in these activities could ultimately result in an overall lower cost of service to customers, the broader economic and community benefits of these programs do not fall clearly within what can be assessed by the Australian Energy Regulator (AER) under the National Electricity Rules (NER), making it difficult for distribution businesses to invest. At the same time however, there are few clear pathways for redirecting these programs to be directly funded by Government.

The most cost-efficient delivery of programs that “reduce the risk and impact on consumers of power outages”⁴ is being actively considered by the electricity sector. In May, the Australian Energy Market Commission (AEMC) published its final rule change on *Including Distribution Network Resilience in the NER*, and shortly, the AER will commence work on two guidelines, an updated Value of Network Resilience Methodology Guideline⁵ and the new Network Resilience Guidelines⁶. These reforms should not be developed in a silo. Instead, Ausgrid suggests there is a clear role for Federal and State Governments to play, engaging with these reforms to ensure the role of distribution business in delivering climate resilience activities is shaped in complement to broader efforts to deliver Government net zero and climate resilience targets, and community expectations. A systemic approach to these reforms will allow for any gaps and/or overlaps in roles and responsibilities to be efficiently addressed.

Additionally, Ausgrid agrees that more easily accessible, high-quality climate hazard information will help households, businesses and government “make better decisions about how to best address hazards”⁷. For example, as a coastal distribution network, it is important Ausgrid considers, and plans for, flooding events not only to better protect and repair our assets but to support easier access to emergency services into affected areas. Flood mapping has been prepared by local councils and the NSW State Emergency Services, but these maps are often fragmented by river and, when they are made available, they are often provided in a format not easily useable (e.g. PDFs rather than GIS). As such, we strongly support the Interim Report's draft recommendation 3.1. Specifically, we support suggestions within the Interim Report for existing, fragmented data to be collated into an accessible and open-access central source, and for the data to be available in a useable format.

2. Australia needs coordinated reforms to planning frameworks across all levels of government

The Australian Energy Market Operator (AEMO) states that approximately 125 GW of renewable generation, and 10,000 km of new electricity network, will be needed by 2050 to replace retiring generators and meet increasing demand. Australia needs to triple the current rate of new generation to meet these levels. Despite

³ Ausgrid revised proposal, [Attachment 5.5: Climate Resilience Business Case](#) (30 November 2023), p 20

⁴ Rules 6.5.6(e)(4) and 6.5.7(e)(4), [National Electricity Amendment \(Including distribution network resilience in the National Electricity Rules\) Rule 2025](#)

⁵ Australian Energy Regulator, [Value of Network Resilience 2024 Final Decision](#) (September 2024)

⁶ Rule 11.185.2, [National Electricity Amendment \(Including distribution network resilience in the National Electricity Rules\) Rule 2025](#)

⁷ Productivity Commission, [Investing in Cheaper Cleaner Energy and the Net Zero Transformation Interim Report](#) (August 2025), p 57

this, the Clean Energy Council reports that only four renewable energy projects – representing 1.7 GW of generation – have been committed in the first half of 2025.⁸

While Ausgrid strongly supports the Commission’s draft recommendations in Chapter 2, enabling Federal Government action to speed up the approvals for new energy infrastructure, we also agree that these challenges “require action by both the Australian Government and state and territory government”⁹. For example, despite a focused effort by the NSW Government to reduce the average assessment timeframes, NSW continues to have some of the slowest approvals for renewable energy projects in Australia. In its 2025 Infrastructure Investment Objectives Report, AusEnergy Services Limited found that wind projects in NSW have an approximate average lead time of 10 years, while solar takes approximately 5 years.¹⁰

While we recognise the Commission has limited levers to directly influence state and territory government planning frameworks, we urge the Final Report to consider how the Federal Government might play a more prominent role in coordinating nationally consistent reforms to support faster approvals of renewable energy projects. The collaboration between jurisdictional governments on housing reform (for example, the 2022 National Housing Accord) could provide some guidance on how this coordination could be approached.

Ausgrid also encourages the Commission to consider further, in its Final Report, as to whether additional support is required for technologies that reduce or defer the need for new electricity infrastructure investment. Specifically, we note that large-scale battery projects play an important role in enabling the more efficient utilisation of existing network infrastructure by capturing and storing renewable energy when supply is high. Despite this, in NSW, proponents of battery projects are not supported with the same guidelines or standardised assessment requirements that were provided for other renewable energy projects under the 2024 NSW Renewable Energy Planning Framework. The lack of direction for proponents designing these projects is delaying projects and deterring investment. Expanding on draft recommendation 2.1, which calls for the introduction of national environmental standards, we therefore encourage the Commission, in its Final Report, to highlight the benefits of a Federal Government-led national standard for battery design.

3. Distribution businesses are taking action to empower households to decarbonise

Ausgrid is supportive of the emphasis placed, within the Interim Report, on support for improving the climate resilience of households and housing (draft recommendations 3.2 and 3.3). However, there is scope for the Commission’s Final Report to go further in recommending actions that support households and communities navigate, and take advantage of, Australia’s transition to a net zero and fully electrified economy as part of the pathway to reducing the costs of reaching emissions targets.

The costs of heating a home, heating water, and fuelling a car using fossil fuels far exceed the costs in an all-electric household. Energy Consumers Australia estimated that switching to electric appliances and an EV would save a household \$580/year today, and that “by 2050 the average difference in total energy costs, including transport, between a fossil-fuelled home and an all-electric home (without solar and a battery) will be \$2,850 per year.”¹¹ Helping customers make the changes needed to electrify their energy needs offers immediate productivity benefits – achieving the same energy services for consumers at significantly lower cost.

⁸ Clean Energy Council, [Quarterly Investment Report: Large-scale Renewable Generation and Storage Q2,2025](#) p 5

⁹ Productivity Commission, [Investing in Cheaper Cleaner Energy and the Net Zero Transformation Interim Report](#) (August 2025), p 36

¹⁰ AusEnergy Services Limited, [NSW Generation Investment Outlook](#) (August 2025), p 24

¹¹ Energy Consumers Australia, [Stepping Up: A Smoother Pathway to Decarbonising Homes](#) (August 2023), p 3

However, while Australia is leading the world in the uptake of rooftop solar to power our homes, not everyone can share in the benefits of these technologies. As the distribution network for the Sydney CBD and other urban areas, Ausgrid has many customers residing in apartments or other multi-dwelling homes for whom it is harder to install solar or a battery, or to charge an electric vehicle (EV) without off-street parking.

We are developing innovative products and services to help share the benefits of electrification and low-cost renewable energy to those customers to who have been locked out up to this point. These services include:

- **Energy Storage as a Service:** Ausgrid's community battery program allows communities to access "energy storage as a service" through their retailers, sharing in the benefits of battery storage. Customers are able to save on average over \$200 a year on their electricity bill through this service, with over 20 Ausgrid community batteries currently providing these services.
- **Community Power Network:** Ausgrid has applied for a trial waiver from the AER for a new model incorporating customer-owned solar and network-owned storage called a Community Power Network (CPN). The CPN model enables the sharing of surplus solar energy produced within a local area, optimising how the network is utilised and enabling savings to be shared directly with customers.¹²
- **Supporting electrification of transport:** Ausgrid is working with customers and EV charging operators to help grow the electrified transport sector. We lease our power poles and kiosks for EV charging providers to install EV chargers on and have reformed our connections process to simplify and speed up connections for EV charging. We have proposed a greater role for DNSPs in delivering kerbside EV charging infrastructure (EVCI) attached to existing network power poles, in locations which are not viable for commercial deployment of EVCI.

Implementing or expanding these products and services require approvals from the AER.

As the Commission develops its final report, it should also consider opportunities to improve Australia's overall productivity, lower household energy bills and meet emissions targets at lower cost that can be achieved by advancing electrification. We must not rely on individual households alone to drive electrification and the associated productivity gains. Instead, Ausgrid encourages the Commission to revisit its recommendations and include policy proposals for government to provide a roadmap for the electrification of households and businesses and ensure there is the sufficient support for implementation.

Ausgrid welcomes the opportunity to discuss our submission further ahead of Productivity Commission's Final Report to the Australian Government in December. Please contact Emma Vlatko, Senior Policy Advisor, at [REDACTED] for further details.

Yours sincerely,

[REDACTED]

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¹² Australian Energy Regulator, [Ausgrid Community Power Network trial waiver application](#)