



ELECTRICAL TRADES UNION OF AUSTRALIA NEW SOUTH WALES & ACT BRANCH

SECRETARY ALLEN HICKS

Communications • Electrical • Electronic • Energy • Allied Services

AER Ring-Fencing Waiver Application: Essential Energy Training Academy

Introduction

The Electrical Trades Union NSW & ACT Branch ('the ETU') is a division of the Communications, Electrical and Plumbing Union ('the CEPU'). The ETU is the principal union for electrical tradespeople and apprentices in New South Wales, representing over 15,000. Essential Energy employs over 1,800 ETU members, with many having passed through the Network's existing enterprise RTO to achieve formal qualifications.

In the spirit of reconciliation, the ETU acknowledges the Traditional Custodians of country throughout Australia and their connections to land, sea and community. We pay our respect to their Elders past and present and extend that respect to all Aboriginal and Torres Strait Islander peoples today.

The ETU welcomes the opportunity to offer our feedback to the application by Essential Energy for a waiver to establish a Training Academy to provide contestable technical training. Our union has engaged separately with Essential Energy and other relevant industry stakeholders to better understand and develop our position on this proposal.

Position

The Electrical Trades Union NSW/ACT Branch is supportive of Essential Energy's application for a ring-fencing waiver to establish a Training Academy. Our only reservation about this proposal is that it is not expansive enough and should include scope for delivering the overhead transmission training package as well to better meet regional skills needs.

The scale of the energy skills challenge facing NSW as we rapidly scramble to meet legislated renewable energy and emissions reductions targets is enormous. It is a challenge that is not currently on-track to be met by relying on private markets or the public TAFE system – especially in regional NSW. Any efforts being made by reputable businesses to fill the gaps that currently exist should be welcomed and encouraged, not subjected to arbitrary hurdles and red tape.

Hundreds of ETU members have been competently trained by Essential Energy's longstanding enterprise RTO which, to date, has offered non-contestable training services to internal employees right across regional NSW. Regional NSW is plagued by thin markets and logistical challenges which disincentivise private investment in quality training offerings, meanwhile TAFE NSW has suffered from chronic underinvestment over decades which is only starting to be turned around now. Leaving electrical training delivery to the invisible hand will require regional communities to compromise on either the quality or quantity of training on offer. Our belief is that by allowing Essential to play a more active role, regional workers won't have to choose.

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Concerns around Ring Fencing

Ring fencing rules are written in service of the National Electricity Objectives:

“to promote efficient investment in, and efficient operation and use of, electricity services for the long term interests of consumers of electricity with respect to:

- a) price, quality, safety, reliability and security of supply of electricity; and
- b) the reliability, safety and security of the national electricity system; and
- c) the achievement of targets set by a participating jurisdiction—
 - i. for reducing Australia's greenhouse gas emissions; or
 - ii. that are likely to contribute to reducing Australia's greenhouse gas emissions.”

Without more electrical training places being made available at reputable institutions, it is questionable as to whether NSW will be able to continue operating an efficient electricity network that is affordable, reliable, safe, and decarbonising in line with the NEO over the long term. If ring-fencing rules are going to get in the way of a publicly-owned DNSP meeting a community need in line with the National Electricity Objectives, then they are not fit for purpose.

Let State Owned Corporations Invest in Communities

Essential Energy, unlike every other DNSP & TNSP in NSW to which ring-fencing rules apply, is a State-Owned Corporation (SOC) that operates under a different framework to other privatised entities. Ring-fencing exists as a protection for consumers against the profit-maximising tendencies of large monopolistic organisations – Essential Energy is not a profit-maximising entity but is instead driven by a set of legislated objectives. The context behind why this is the case also matters: there is no private buyer that could possibly have operated the network in a way that appropriately balanced community needs with shareholder return benchmarks. In the end, community needs won out and the network remained in public hands.

Essential Energy's shareholders are the taxpayers and voters of NSW, not overseas investment funds. Democratic organs of the State offer consumers a greater level of power to deliver accountability for management decisions. Whilst households in the Ausgrid or Endeavour network areas have few options for recourse if they are unhappy with their services, Essential Energy customers at the very least have the option to voice discontent at the ballot box.

The regulatory system should allow greater flexibility for SOC's to explore socially beneficial investments such as the proposed Training Academy from within their ring-fenced entity. Legislated organisational objectives provide guardrails to ensure that these investments are pursued in the interests of regional development and community social benefit, rather than an attempt to monopolise contestable marketplaces and harm consumers.

Given the forecasted skills shortages in critical energy occupations across NSW, an argument could be made that Essential Energy actually has an obligation under NSW law to take steps like this which increase the availability of electrical training in regional communities. We are not on track to have sufficient skilled labour available in regional NSW for the development of the renewable energy assets needed to keep the lights on. Essential Energy is one of the only

companies with the existing assets, capacity, and resources to fill those gaps quickly in what are traditionally underserved communities.

Energy Services Corporations Act 1995 (NSW)

8 Principal objectives of energy distributors

(1) The principal objectives of an energy distributor are as follows:

(a) to be a successful business and, to this end:

- (i) to operate at least as efficiently as any comparable businesses,*
- (ii) to maximise the net worth of the State's investment in it,*
- (iii) to exhibit a sense of social responsibility by having regard to the interests of the community in which it operates,*

(b) to protect the environment by conducting its operations in compliance with the principles of ecologically sustainable development contained in section 6 (2) of the Protection of the Environment Administration Act 1991,

(c) to exhibit a sense of responsibility towards regional development and decentralisation in the way in which it operates,

(d) to operate efficient, safe and reliable facilities for the distribution of electricity and other forms of energy,

(e) to be an efficient and responsible supplier of electricity and other forms of energy and of services relating to the use and conservation of electricity and other forms of energy,

(f) to be a successful participant in the wholesale and retail markets for electricity and other forms of energy and for services relating to the use and conservation of electricity and other forms of energy.

(2) Each of the principal objectives of an energy distributor is of equal importance.

Objectives 1(a)(iii) and 1(c) legally require Essential Energy to exhibit responsibility for the interests & advancement of regional communities. Objective 1(b) further requires Essential to maintain a healthy environment for future generations, something that climate change will render difficult unless we can train the skilled workforce for a rapid transition.

Finally, we believe that the potential social benefits of allowing Essential Energy to maintain their corporate branding for the proposed Training Academies far outweigh any supposed risks. As previously outlined, Essential Energy's existing enterprise RTO is well established and already reputable in regional communities. Many SME employers who may be looking to send their apprentices to a future Training Academy will have done their apprenticeships and trained at Essential themselves. This credibility matters, especially in an era where many in regional communities are sceptical of new energy businesses and are looking for voices they can trust. Forcing a rebrand and requiring a separate entity to start again from scratch will make that new training business less efficient and less effective at serving local workers.