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05 September 2025

Ms Stephanie Jolly
Executive General Manager, Consumer, Policy and
Markets Division
Australian Energy Regulator
GPO Box 520 Melbourne VIC 3001

AERringfencing@aer.gov.au

Submitted electronically

Dear Ms Jolly,

Submission in response to initiation notice for the Essential Energy Training Academy waiver application

Essential Energy welcomes the opportunity to respond to the AER's initiation notice to assess Essential Energy's application to operate a Training Academy in regional NSW. Granting the waiver would allow Essential Energy to provide training for the workforce needed to build and maintain renewable energy projects in its footprint. The application outlines the need and justification for such a service to meet the demand for qualified and skilled workers, both within its own organisation and the broader renewable community.

The establishment of the Academy would effectively extend the existing Ring-fencing waiver used by Essential Energy to train remote workers coming into contact with its network. Although Essential Energy has been granted a waiver to conduct a small number of approved courses over a wide geographical area, in practice the waiver is used on a strictly limited basis, and only on-demand. This approach has been taken so as not to undermine the integrity of the existing market for contestable training courses and so that existing workers in the Essential Energy footprint have access to required qualifications and certificates without having to travel to metropolitan centres. In its determination, the AER found that this approach contributed to meeting the National Electricity Objective (NEO), and therefore in the Long-term Interests of Consumers.¹

In making the application to establish a Training Academy, Essential Energy has taken a similar approach. The principles by which Essential Energy seeks to operate the Academy, and also address the risks that the Ring-fencing Guideline is seeking to mitigate are:

- **Provision of Essential Energy training does not crowd-out the contestable market**
 - Essential Energy only serves a modest share of unmet needs, leaving headroom for the contestable training market to operate and expand.

¹ AER, [letter to Essential Energy to approve its application for Ring-fencing waiver to conduct selected contestable technical training courses, 2024](#).

- If the same course is held locally, on a like-for-like basis (i.e. delivered in essentially the same format and in a timely manner to meet local needs), then Essential Energy will not provide the course.
- To date there have been limited providers competing with Essential Energy in the provision of electrical trades training. However, Essential Energy will continue to monitor for the emergence of competitive providers and, where these providers are meeting demand, will not operate contestably with them. For example, Essential Energy notes the announcement by Dubbo Regional Council of a Renewable Energy Awareness and Career Training (REACT) centre, funded with support from the NSW Government, to support the training needs of the renewable energy sector in that region.² It is noteworthy that REACT has reached out to Essential Energy to inquire whether the Academy could participate in this venture.
- **Academy's regional focus targets needs for local workforce** – within its regional footprint.
 - Training is provided where workers live and where the demand for workers is expected to be – keeping remote and regional workers local to their area.
 - Essential Energy will not conduct training in metropolitan centres or outside of its geographical territory.
 - Assists in avoiding skills drain to metropolitan centres.
- **Skills alignment** – The Training Academy will only provide accredited courses where there is significant demand for those particular skills and qualifications.
 - Essential Energy expects to be a major employer in the regions of newly accredited students. Therefore, it is incentivised to provide high quality training to meet its own demand for workers. Its own demand, along with its industry outreach program, also produce useful metrics by which it can determine localised demand for relevant qualifications.
 - To target a modest share of unmet training demand in the regional clean-energy workforce, Essential Energy will also use publicly available Jobs and Skills Australia evidence as both a baseline and a live dashboard of pressure points. For example, the Clean Energy Generation study, with its modelling built on regions aligned to Renewable Energy Zones finds trades and technician roles, especially qualified electrical workers, face persistent shortfalls.³ The supplementary modelling report indicates that under the central scenario there is expected to be a shortfall of around 85,000 electricians by 2050.⁴ The Jobs and Skills Australia datasets allow for quantification of the gap between the demand and supply of qualified workers, and to track those gaps over time, tying gaps to training supply targets in the regions Essential Energy operates in.
 - Further, recognising the need to deliver a skilled workforce amid expected shortages, the Federal Government recently launched the Powering Skills Organisation Workforce Plan. It allocates \$35 million to a capital and equipment investment fund that will expand clean-energy training capacity (see Attachment A).
- **The Academy will operate on full fee-paying basis, with strict CAM cost allocation to eliminate cross-subsidisation.** This means that Essential Energy customers are not paying for the operations of the Training Academy's contestable training courses.

² [Council moves forward with react centre for wellington - Dubbo Regional Council](#)

³ Jobs and Skills Australia, The Clean Energy generation: Workforce needs for a net zero economy, 2023, p13-14

⁴ Jobs and Skills Australia, The Clean Energy generation: Supplementary modelling report, 2023, p.25.

Responding to evolving market conditions and uncertainty

So that its course offerings are relevant to market demand on an ongoing basis, in its waiver application, Essential Energy requested some flexibility in relation to the courses provided. This included the types of accredited courses provided, the locations within its footprint in which those courses are provided, and the duration of the waiver. This flexibility is to allow the Academy to respond to the demand for workers, and the skills and qualifications required, as the transition from fossil fuel sources of energy to renewable unfolds.

Naturally, the request for flexibility, from an entity with some monopoly power in the energy market might give rise to some concern regarding the abuse of that monopoly power. However, it is worth noting that Essential Energy does not have monopoly power in the training industry, is not seeking such power, and the operation of the principles espoused above provide effective guardrails to protect the contestable market from any potential for abuse of that power. Further, transparency regarding the operation of the waiver – that gives effect to the principles outlined – is provided through the annual submission and publication of an independent Ring-fencing compliance audit report on the conditions under which waivers are provided.

Having considered the issues deeply, Essential Energy would like to propose additional principles and measures the AER could utilise to assess the Academy's compliance with those principles.

THE ADDITION OF NEW ACCREDITED COURSE OFFERINGS

Essential Energy, in addition to the general Academy principles outlined, proposes specific principles to guide the addition of new courses to the Academy curriculum so that the Academy does not expand its activities into the contestable market. This approach is intended to provide reassurance to the AER and stakeholders. These are:

- **Modest share** – External enrolments capped at a small proportion of the unmet need (target ~10%), so that Essential Energy supplements, not displaces, contestable providers.
- **Increased skills alignment** – Courses restricted to qualifications directly relevant to the electricity supply industry, renewable integration, safety, and compliance. No expansion into generic training markets.
- **Evidence of unmet need** – Courses may only be offered where there is clear evidence of unmet need. Localised needs within Essential Energy's footprint qualify even if state-wide demand is large.
- **Like-for-like test** – Existing contestable delivery only counts if an RTO offers the same accredited course, in the same format, in the same region. Online or metro-based courses are not equivalent.
- **Transparency** – For each new course, Essential Energy will publish a short Course Notification Note (course, location, justification, forecast intake) on its website.

To assist the monitoring of compliance with these self-imposed guardrails, Essential Energy proposes two options for the AER to consider. The assessment, consultation and decision model for these options is adapted from the RIT-D framework, which outlines the process DNSPs must take before they undertake capital expenditure projects over a threshold value. Essential Energy considers that this framework provides a balance between providing guardrails for decision-making which protect the contestable market and an appropriate level of regulatory oversight. Both options provide for transparency and accountability but differ slightly in the role given to contestable RTOs, as well as the appetite for the AER

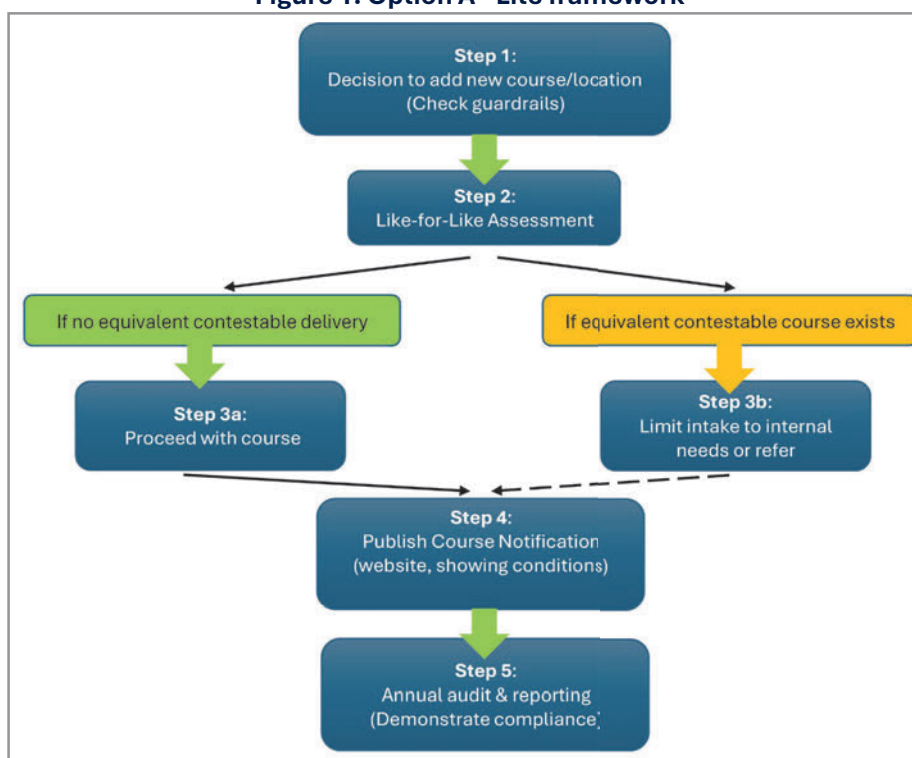
to exercise direct control and oversight over flexibility options. An outline for each of these options is provided below:

Option A: Lite framework (Like-for-Like self-test)

Under this approach:

- Essential Energy applies the guardrails and like-for-like test internally (Step 1 & 2).
 - If no equivalent contestable course exists in the region, Essential Energy proceeds (Step 3A)
 - If an equivalent course exists on a like-for-like basis and within timeframe needed, the Academy will choose whether to limit intake to meet internal demand only, or refer Essential Energy staff to the contestably provided course. (Step 3b)
- If the Academy course proceeds, a notification detailing course, location, justification, forecast intake will be published on the Training Academy website (Step 4).
- Transparency and regulatory oversight occurs ex post via the annual ring-fencing audit and published reporting (Step 5).

Figure 1: Option A - Lite framework



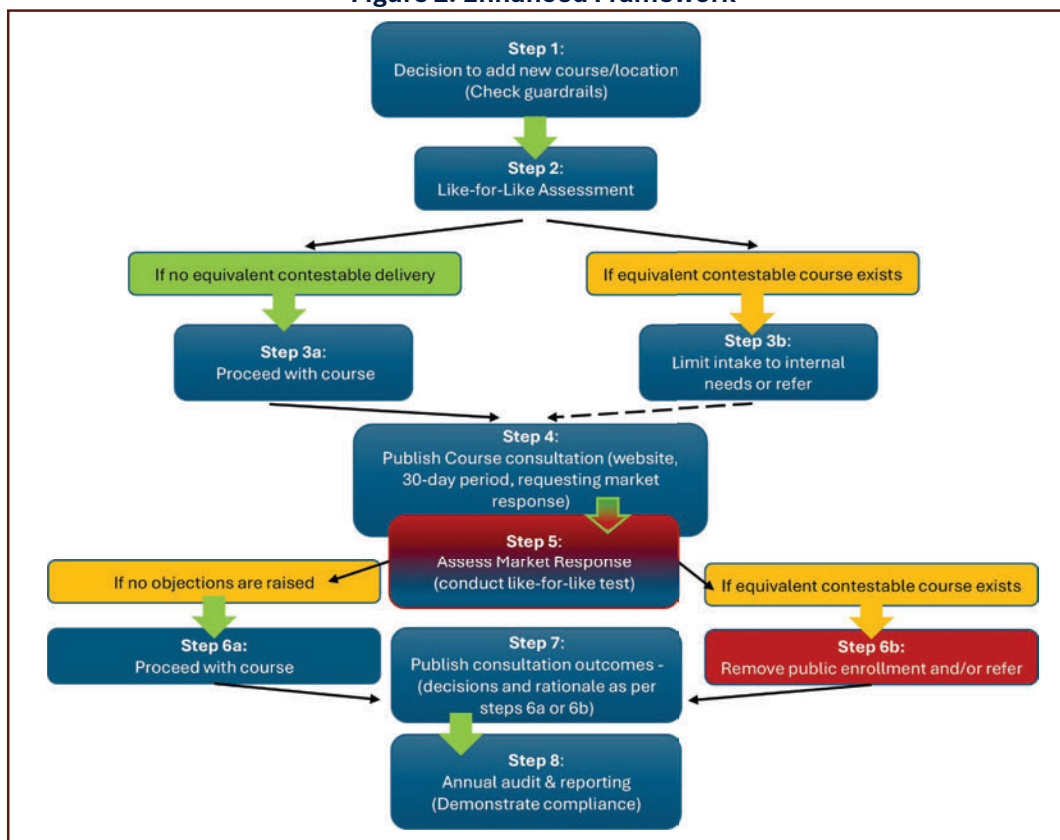
Option B: Enhanced framework (Notification + consultation period)

This introduces two additional consultation and notification steps into the process:

- Essential Energy applies the guardrails and undertakes a Like-for-Like assessment through its market scan (Step 1 & 2).
 - If no equivalent contestable course exists, Essential Energy proceeds (Step 3a).

- If an equivalent course exists on a like-for-like basis and within timeframe needed, the Academy will choose whether to limit intake to meet internal demand only, or refer Essential Energy staff to the contestably provided course. (Step 3b)
- If the Academy decides the course could proceed, it will open a 30-day consultation period through a notice on its website, detailing course, location, justification, forecast intake and invite stakeholder input (Step 4).
- If no objections arise during the consultation period, the Academy will proceed with the course by notifying stakeholders on its website (Step 6a and 7). Where submissions are received, the Academy will assess the feedback against the principles and guardrails discussed above and make its decision accordingly.
 - If contestable courses are available on a like-for-like basis and within a reasonable time frame to meet industry needs, the Academy will withdraw public availability of the course (Step 6b).
 - To mitigate against the risk of vexatious objections, and to address any urgent demand for qualifications, contestable providers should conduct the course within the timeframe specified, otherwise the Academy conduct the course at the expiration of the timeframe.
 - The AER could have a remediation role in this process to resolve any disputes that arise.
- The Academy will publish the outcomes of the consultation period, along with the rationale for decisions made, on its website (Step 7).
- Oversight occurs ex post via the annual ring-fencing audit and published reporting (Step 8)

Figure 2: Enhanced Framework



ANALYSIS OF OPTIONS

While Essential Energy would be comfortable working within either framework, the following comparative analysis highlights Option A as the preferred model moving forward. The analysis evaluates both options across key criteria: speed, administrative burden, stakeholder collaboration, transparency, cost-effectiveness, and flexibility, taking into consideration the perspectives of different stakeholders. While Option B promotes natural justice for RTOs, Option A's streamlined approach better meets regional skills demands while ensuring competitive neutrality.

- **Speed and Responsiveness:** Option A enables rapid course deployment via internal like-for-like assessment, addressing Renewable Energy Zone skills shortages, benefiting students and businesses, and aligning with the NEO. While option B's 30-day consultation period adds to fairness, it can delay commencement of training and may be subject to vexatious claims, to which the AER might be required to mediate.
- **Administrative Burden:** Option A uses self-assessment and annual audits, minimising AER and Essential Energy workload, focusing resources on training. Option B's consultation process increases complexity and costs, but offers RTOs a formal voice, aligning with natural justice.
- **Stakeholder Collaboration:** Option A fosters cooperation via a market test targeting a modest market share (~10% of total unmet need) and the publishing of course notifications, avoiding RTO competition. Option B's consultation period promotes fairness but risks disputes. Comparison: Option A's non-adversarial approach better balances RTO protections with efficient delivery.
- **Transparency:** Option A ensures accountability via public notifications and audits, meeting AER requirements. Option B adds consultation-based transparency, enhancing RTO confidence, but increases complexity.
- **Cost-Effectiveness:** Option A minimises costs, supporting affordable training and regional investment. Option B's consultation process raises costs, though it protects RTOs. Comparison: Option A's financial prudence benefits all stakeholders, outweighing Option B's fairness benefits.
- **Flexibility:** Option A adapts courses quickly to renewable demands, supporting NSW's goals. Option B's delays hinder responsiveness.

As a result of the above analysis, Essential Energy considers that Option A is preferable – offering speed, efficiency, collaboration, transparency, cost-effectiveness, and flexibility for all stakeholders, aligning with NEO and AER guidelines. While Option B's consultation period provide opportunity for detailed stakeholder feedback and upholds natural justice for RTOs, its delays and costs can outweigh these benefits. Option A's guardrails and audits ensure fairness while supporting the energy transition, making it the optimal choice.

WAIVER DURATION – A BALANCED APPROACH

In its application, Essential Energy requested that the waiver period allow for the introduction of two courses at the end of 2025, with the opening of the Academy from its bespoke training centre in 2027. To allow for continuity and certainty for students enrolled in four-year accredited courses, it was suggested that the initial duration of the waiver allow the Academy to ramp up to full operational status – expected by 2030 – and allow for the completion of four-year courses that commence at that time.

The initiation notice raises some issues regarding this suggested duration to be considered through this waiver assessment process. Essential Energy notes that many of the issues raised, particularly around the potential for long-term market distortion and competitive neutrality are addressed by implementing

the guardrails discussed above. On the duration issue specifically, Essential Energy suggests the AER consider the following principles:

- **Student Continuity Principle** – To address continuity and certainty for students and prospective employer demand for qualified workers, the waiver should cover at least one full training cycle.
- **Investment Certainty Principle** – The waiver should provide sufficient horizon for investment in the Academy, including the bespoke training facility to be viable.
- **Review Principle** – The AER retains the discretion to review the operation and need for continuance of the waiver if it is presented with evidence to suggest that the training market in the regions evolves the capacity to absorb all unmet training needs.

CONCLUSION

Essential Energy reaffirms its strong commitment to supporting regional equity, contestable neutrality, and the overarching National Electricity Objective (NEO). The Training Academy proposal is designed not to displace or distort the contestable training market but to complement it – filling gaps in regional skills supply while leaving headroom for contestable providers to thrive.

By applying robust guardrails, the Academy addresses only unmet needs, operates on a fully fee-paying and transparent basis, and provides qualifications and skills directly aligned with the demands of the renewable energy transition. The Academy will deliver training locally, where the workforce is needed, meaning that regional workers are not required to migrate to metropolitan centres to obtain qualifications. This prevents skills drain, strengthens regional economies, and supports the long-term sustainability of the energy workforce.

The monitoring frameworks outlined – whether through the Lite or Enhanced framework options – provide the AER with clear, auditable tools to safeguard the contestable market. Transparency through course notifications, independent ring-fencing audits, and annual reporting, ensures accountability and builds confidence that the Academy's operations remain consistent with waiver conditions.

Granting this waiver will deliver tangible public interest outcomes:

- A skilled renewable workforce in regional NSW, trained locally and retained locally.
- Direct support for the timely delivery of Renewable Energy Zone (REZ) projects and the broader energy transition.
- Enhanced safety, reliability, and affordability of energy supply for consumers, consistent with the NEO.

For these reasons, Essential Energy respectfully submits that approval of this waiver is justified, proportionate, and in the long-term interests of consumers and regional communities.

Essential Energy welcomes the opportunity to discuss this submission further as the AER. Please feel free to contact myself or Adam Young, Essential Energy Regulatory Strategy Manager, on [REDACTED] or via email at [REDACTED]

Yours sincerely,



Annie Pearson
Chief Customer & Corporate Affairs Officer

Attachment A: Launch of the Powering Skills Organisation – speech

MINISTERS' MEDIA CENTRE

Ministers of the Employment and Workplace Relations
Portfolio

Speech

28 August 2025

Launch of the Powering Skills Organisation Workforce Plan 2025 – Parliament House, Canberra

The Hon Andrew Giles MP
Minister for Skills and Training

Acknowledgements omitted

It's my pleasure to join you this morning for the launch of Powering Skills Organisation's 2025 Workforce Plan.

Our changing climate is one of the biggest challenges Australia, and the world, is facing.

Achieving our net zero targets and powering Australia with cheaper, cleaner, more reliable energy will require a large and highly skilled workforce.

Put simply, we need to ensure there are enough apprentices, trainers, and system capacity to see us through.

We need to ensure we are working together to progress action to achieve this, and deliver the skilled workforce required to meet this challenge.

That's why I'm so pleased to be here today, to talk about the important work Powering Skills Organisation has done to understand and tackle the workforce, skills and training needs in the energy, gas and renewables sectors.

The clean energy transition is crucial for this nation. Getting it right will need collaboration across industry, unions and governments.

That's because Australia's structural shift towards a net zero economy is transforming the labour market for energy workers and other sectors — in ways unforeseen just a decade ago.

The result isn't a standard one-dimensional labour market issue.

As the Workforce Plan notes, the net zero transition has created simultaneous challenges: a shortage of workers; and a need for workers with more diverse skills.

As with all challenges of such significance, culture, action and collaboration across industry and government will shape our response.

Jobs and Skills Australia's Clean Energy Generation Report estimates that the biggest worker shortage will be for electricians.

Electricians will play a key role in the new economy.

We are however at risk of running short.

Around 85,000 more electricians are expected to be needed by 2050, 27 per cent more than what we're currently projecting.

The challenge for us all is ensuring that we broaden the workforce and leverage its full potential by creating opportunities, and supporting women, First Nations people and other under-represented demographics to ensure they feel welcomed and supported in the sector.

Ongoing upskilling, training and investment in workers will be essential to meeting this challenge.

And Powering Skills Organisation will have a critical role in continuing to grow partnerships — as well as training products — that respond to these changing needs and new sectors.

To that end, the Albanese Government will contribute \$20 million towards the establishment of a National Training Centre in New Energy Skills.

Once built, this will upskill over 2,000 tradespeople and apprentices each year, to be based in western Melbourne and with a national focus.

The National Training Centre will be delivered in partnership with the Victorian Government and the Plumbing Industry Climate Action Centre.

It includes plumbers, gasfitters, and refrigeration workers involved in the installation and maintenance of emerging energy technologies.

Our Government is also investing \$35 million for a capital and equipment investment fund to expand clean energy training capacity more broadly.

This will cover wind, solar, pumped hydro, grid battery storage, electricity networks and hydrogen, as well as key electrical and construction trades.

Funding will be directed to facilities at capacity that are preventing people from entering apprenticeships, as well as regional, rural and remote communities experiencing workforce transitions.

And we've put \$30 million towards turbocharging the VET teacher, trainer and assessor workforce.

That's because it should be easier for skilled professionals to move between working in industry and teaching at RTOs.

We expanded the New Energy Apprenticeship Program into the Key Apprenticeship Program with two streams: New Energy and Housing Construction. This is real support to help train tradies in the clean energy and housing construction sectors.

Apprentices commencing in high priority clean energy and housing construction occupations are eligible for up to \$10,000 during their apprenticeship.

We broadened the eligibility settings for the New Energy Apprenticeships stream, to provide opportunities for more apprentices to gain meaningful experience and exposure in the clean energy sector.

PSO's Workforce Plan notes that women make up only three per cent of energy trades workers, with lower apprentice completion and higher post-apprenticeship dropout rates than men.

Our Government is already supporting more women into clean energy and construction jobs through the Big Sister: Advanced mentoring program.

This will boost the number of women completing apprenticeships in the clean energy and construction sectors across South Australia and Western Australia.

This is funded through our Building Women's Careers program and is in partnership with the Electrical Trades Union, who I thank for their leadership in supporting more women into the sector.

Big Sister aims to increase the rate of female apprentices by 50 per cent by 2028.

PSO has a pivotal role in helping us to understand the energy workforce, as well as ensuring existing and emerging skills and workforce needs are addressed.

Together with the other nine Jobs and Skills Councils, they are doing important work. And our Government wants to support them to do more – not only recognised by me, but also by the Treasurer in his remarks following the Economic Roundtable last week.

PSO has valuable insights into the state of the energy workforce, as well as challenges the sector faces. This includes workforce shortages, skills gaps, system capacity issues and cultural barriers.

The Workforce Plan brings these insights together and maps out evidence-based solutions.

And it wouldn't be possible without the industry-led consultation, analysis and modelling that you've collected.

Importantly, this is a strategy for action, showing the significant work that is in front of us.

I applaud Powering Skills Organisation on the important work it has done to analyse these skills and workforce issues.

Thank you for your work with industry and stakeholders to develop these actions, which will strengthen the energy workforce and our skills and training system.

ENDS