national electrical and communications association

National Electrical and Communications Association - Submission

Submission to the Australian Energy Regulator regarding the Essential Energy Ring-fencing waiver application to establish a training academy in regional NSW

September 2025

www.neca.asn.au

Introduction

The National Electrical and Communications Association (NECA) provide this submission in response to the invitation by the AER to comment on the waiver application from Essential Energy to establish a 'training academy' in regional NSW.

NECA have been engaging with the AER for some time now to highlight how the current Ring-Fencing guidelines, associated monitoring mechanisms, and enforcement frameworks are fundamentally flawed with respect to constraining Distribution Network Service Providers (DNSP's) from participating unfairly in contestable markets to the detriment of consumers, competition, and independent investment.

It is our considered opinion, that the application by Essential Energy is unnecessary, and contrary to the objectives of the Ring-Fencing Guidelines and does not make a case for a waiver to be granted. Additionally, we wish to raise with the AER the topic of the existing waiver[1] for training and question the validity of the evidence for both the existing and the proposed waivers.

Overview

NECA is the peak body for Australia's electrical and communications industry, which employs 344,370 people and turns over more than $82bn annually. NECA represents over 6,500 businesses performing works including the design, installation, and maintenance of electrical and electronic equipment in the construction, mining, air conditioning, refrigeration, manufacturing, communications, security, automation, and renewable energy sectors.

NECA has advocated on behalf of the electrotechnology industry for over 100 years and helps its members and industry operate in an efficient, safe, and regulatorily compliant manner. NECA represents the interests of electrical and communication businesses to all levels of government and in regulatory, legislative and industry development forums.

NECA members make an essential economic contribution – connecting businesses, homes, and infrastructure – encouraging investment, improving reliability and energy security, and delivering affordable, environmentally sustainable outcomes. The safety and

[1] https://www.aer.gov.au/industry/networks/ring-fencing/essential-energy-ring-fencing-waiver-training-services

reputation of the electrical industry is critical to tradespeople, consumers, and the community.

NECA also plays an integral role in the development of the next generation of Australia's electrical and communications tradespeople and contractors. Through its associated Group Training Organisations (GTOs) and Registered Training Organisations (RTOs), NECA offers employment and trade training to over 2000 apprentices and tradespeople nationally. NECA is directly involved in the governance of Powering Skills Australia – the Jobs and Skills Council for this industry - via board representation and provides regular input to the development and maintenance of nationally recognised training packages and units of competency for use in our industry.

Submission

NECA specifically recognises the need to supply high quality training to workforces in the Electricity Supply Industry (ESI), Electrotechnology and renewable energy sectors. We particularly recognise the need to facilitate access to training for workforces in regional areas. We can point to our current active involvement (at scale) in delivering apprenticeships, post-trade (including renewable technologies), safety, technical and Accredited Service Provider (ASP) training in regional areas. As such, we would like to address specific concepts and justifications presented in the Essential Energy application.

NECA are also concerned about the practical outcomes of the requested waiver in effectively suppressing competition for other market participants in servicing the emerging renewable generation and REZ network operator sectors.

NECA posits that the funding, sponsorship, and ownership model of the proposed academy effectively places both the NSW government and Essential Energy in competition with contestable providers and in a position to discriminate against them.

Finally, NECA would like to suggest conditions that could more efficiently achieve the renewables industry projected training requirements and outcomes of the NSW government sector workforce plan without requiring the expansion of Essential Energy's RTO into contestable training activities.

Footprint of RTO's offering industry training in regional areas

Essential Energy's application poses a view that 'training is virtually non-existent' (page 6) in all areas of the state where they intend to establish Academy facilities and/or use Essential Energy facilities.

Figure 2 – page 7, and associated commentary of the Essential Energy application presents a view that 'contestable RTO's' offering suitable ESI & renewables training are effectively absent, disinterested, or not able to make a provide a viable service.

In response, NECA offers the following points and evidence,

- NECA Training provides apprenticeship and post trade training including technical, safety, ASP, and mandatory refresher training to hundreds of industry participants in regional areas of NSW. Our training centre in Fyshwick (ACT) services industry clients including EVO-Energy, Snowy Hydro, and numerous electrical businesses in the southern regions of NSW, including ASP's authorised to perform work in Essential Energy's area.
  (see - https://www.necatraining.com.au/electrical-training-courses/canberra/)
- NECA's satellite training centre at Moruya has also been established to provide electrical apprenticeships and industry training for the south coast region. Electrical contractors along the entire coast to the Victorian Boarder are being serviced from this Centre.
- Included on the scope of the NECA's Registered Training Organisation (RTO) are
  - the certified vocational qualifications (trades) relevant to the ESI industry.
    - UEE30820 Certificate III in Electrotechnology Electrician
    - UET30621 Certificate III in ESI - Distribution Overhead
    - UET30821 Certificate III in ESI - Distribution Underground
  - skill sets identified by the Australian Skills Quality Authority (ASQA) supporting the Electrical, ESI and accreditation pathways for renewables technologies installations defined by the Clean Energy Council and Solar Accreditation Australia (SAA)
  - NAT courses including Asbestos Awareness, Working with Asbestos Containing Materials, Overseas Trade Skills Recognition Gap Training and Silica Awareness

  - A Certificate II pre-apprenticeship supporting entry level skills to the ESI and electrotechnology industries
- NECA are currently negotiating with prospective clients involved in the delivery of NSW's major energy infrastructure projects, and are likely to expand both the footprint of operations and range of courses to meet demand further as the operational needs of the NSW REZ's increase and workforce training needs are confirmed
- Other long-term industry training providers exist in and service the NSW market, including:
    - **IAC safety services**, provides numerous qualifications relevant to the relevant industry outcomes and provides mobile facilities specifically to service regional areas of the state. IAC has traditionally serviced the North Coast, Hunter, Illawarra, Northern Rivers and New England regions. http://www.iacsafetyservices.com/
    - **Thomson Bridge/ Rely-On Australia**, already partner with Endeavour Energy to deliver courses from their facilities and are active in pursuing opportunities to service ESI industry training outcomes. https://www.relyonaustralia.com/

Reasons for seeking a waiver

Availability of training services to regions

Section 2.3 of the Essential Energy application titled "Reasons for seeking a Waiver", describes the specific nature of the waiver being sought, however does not offer any further justification or reasoning why the AER should approve it other than 'extends on the logic' of the existing AER waiver which 'allows regionally based ASPs and their employees to access required training within the region where they work.'

In section 5.1 of the application for the currently approved waiver the only reason given is to 'ensure regional customers do not lose access to these technical training services.'

As contemplated above, Essential Energy have not adequately recognised the existing activity of contestable RTO's in their region with respect to training for ASP's.

Supporting information

Section 3 of the current application indicates that 'Essential Energy's application for a waiver to set up a specialist training facility in the form of the Essential Energy Training Academy (the Academy) is in direct response to the shortage of skilled specialist electricity workers in the regions, both now and those anticipated in the future', and then offers indicative 'analysis' indicating a threat to the timely delivery of projects required to deliver on significant pieces of renewable infrastructure.

Of the references provided –

- Both the Marsden Jacob Report[2] and the NSW Government Response[3] promote the 'expansion of Essential Energy's apprenticeship program in regional NSW … to help build the skills required for the energy transition'

  However, neither propose permitting Essential Energy to expand into providing additional training services to the renewable sector.

- The first report[4] of the NSW Electricity Infrastructure Jobs Advocate is quoted in the Essential Energy application. However, the quotes are presented as recognition by the report rather than in their context as suggestions observed by the advocate made by stakeholders.
  - 'stakeholders pointed out that courses offered by TAFEs and regional universities are limited in scope and have not been adapted to meet industry needs.'
  - 'stakeholders also suggested establishing specialised training centres in those regions'

  Further commentary in the same report indicates 'stakeholders suggested the provision of mobile training courses, with Registered Training Organisations (RTOs) visiting smaller urban centres to deliver specific courses. This could be supported by online training where appropriate'.

[2] https://tinyurl.com/yfujma7v
[3] https://tinyurl.com/263vzv79
[4] https://tinyurl.com/3ka4ez2u

We highlight that this is the training delivery model that NECA and IAC have established, ie contestable training providers are meeting these needs identified in the report.

The second[5] report of the NSW Electricity Infrastructure Jobs Advocate contains six recommendations, of which #5 is titled 'Institute a TAFE Roadmap Support Initiative to improve workers ability to gain clean energy qualifications' with specific elements including,

- a state-wide strategy to include initiatives to support the specific need of each REZ
- increasing the number of teachers to maximise availability of class times and course offerings
- providing access to the latest technology equipment to ensure students are learning using industry best-standards
- better utilising the large number of under-used existing TAFE facilities, especially in REZ regions
- increase access to mobile training units for the more remote REZ sub-regions.

and stating *'This program can avoid building new training facilities through leveraging and unlocking the latent potential of NSW's established network of* ***underutilised training infrastructure****.*

This initiative would demonstrate support and expansion of TAFE in regional communities which would be expected to help build community support for renewable energy projects in those regional communities.'

The recommendations of the second report have been formally recognised and supported by the NSW government.[6]

None of the commentary or recommendations identify a need or role for Essential Energy to specify or deliver higher level qualifications or skills sets to this industry. NECA, and other contestable training providers, are well placed to meet the

[5] https://tinyurl.com/yh7eyf52
[6] https://tinyurl.com/yv8amk98

emerging training demand for REZ sub-regions if underutilised existing TAFE facilities are made available and NECA has been actively advocating for this.

3.1 Regional employment mobility for utilities and construction trades

Whilst this section contains some interesting analysis, it does not replace the detailed work of the NSW Electricity Infrastructure Jobs Advocate and is not a persuasive justification for this waiver.

3.2 Potential costs if the waiver application is not granted

This section contains a substantial amount of speculation of 'costs' and the associated benefits of their solution. Ultimately, there is no tangible information with which to work here.

3.3 Enrolment projections

This section states that it estimates an 'immediate internal demand' for all course of around 650 (with 365 being the two cert IV courses) and then with an annual internal demand of 650 training places. Additional capacity is anticipated to be able to serve 200-300 external trainees.

However, the commentary on this point also states that '*It is envisaged that the Academy will respond to the market, to the extent of capacity of the training facility to meet the needs of the training market, both in terms of industry demand for workers and student response.*'

This is a clear indication that the academy intends to compete in the contestable market to the limit of their capacity.

3.4 The potential effect on the contestable market

This analysis is simplistic and fails to acknowledge the presence of existing training entities with direct interests, the recommendations of the NSW Electricity Infrastructure Jobs Advocate, or the NSW government response.

Furthermore, the declaration that there will be an initial contribution of 'start-up' capital from NSW TCorp indicates an intervention by the NSW government into a contestable

market in favour of a state-owned corporation and a vested interest in maximising profits at the expense of others in the contestable market.

3.5 Addressing risk of cross-subsidisation

There is insufficient detail of the funding or accounting model to undertake a validation of the statements made. However, there is at least a perception that the Academy would benefit from preferred terms in the access and use of facilities and equipment from the parent company and or preferred financing terms from the NSW treasury.

3.6 Why is the Essential Energy brand required?

The justifications within this section are exaggerated, speculative and tokenistic. The connection made to the National Electricity Objectives is effectively baseless. If Essential Energy wish to offer contestable training services on a commercial basis, then it really should do so via a RESP and observe the requirements of the Ring-Fencing guidelines.

3.7 Community benefit programs

In this section it states that the 'Academy plans to participate in these programs, both as a **source of funding**, and to meet the objectives of the program…'. This aspect is of some concern also. In doing so, the Academy (state owned) could be engaging in activities that top-up the profitability of its own training operations (and dividends to the state govt) from funding that could be better utilised in facilitating programs that support recommendation # 6 of the NSW Electricity Infrastructure Jobs Advocate's second report to 'Implement a Group Training Organisation model in REZs to provide ongoing employment across a range of REZ projects while participants complete training'

3.8 Responding to evolving market conditions and uncertainty

In this section, Essential Energy effectively declare a willingness to expand the activities of the academy to service training requirements that are not necessarily directly of interest to the DNSP itself.

The implications are that the AER risks permitting a state-owned monopoly to distort the training market under its own branding, and then further distort that market by expanding its scope into other areas wherever they perceive a market failure.

Attachment A: Details for each course to be offered by the Academy

Of the courses nominated in Attachment A of the application.

- **UEE22020 Certificate II in Electrotechnology (Career Start)**
  Is already on the scope the Essential Energy RTO and enables Essential Energy to facilitate pre-apprenticeship and pre-employment activities in its area.
  NECA has no problem with this course being offered by Essential Energy's RTO as a recruitment tool.
- **UET40522 Certificate IV in ESI – Substations**
  This qualification is designed by the supply authorities for supply authority employees. Some of the supply authorities include this qualification as a requirement of their technicians, whilst others utilise unaccredited internal training and skills assessment processes to produce a similar outcome.
  It is very difficult for a student to achieve the qualification without direct employment in the sector. Aurecon, another private RTO, partners with Ausgrid and Evoenergy to deliver this qualification to those authorities.
    - **Substation Construction Skills - Skill set**
      Appears to be an internally defined skill set for Essential Energy's own purposes. The units within the skill set are electives from the Cert II and Cert III Electrotechnology and other UEE qualifications at that level.
- **UET40422 Certificate IV in ESI - Network Systems**

  Similar to UET40522, this qualification is designed by the supply authorities for supply authority employees. Each of the supply authorities include this qualification and, specific skill sets within, or equivalent internal training to authorise specialist roles on the network.

  It is very difficult for a student to achieve the qualification without direct employment in the sector.

- **UET30621 Certificate III in ESI - Distribution Overhead**

  This is the entry level apprenticeship outcome for an overhead linesman.

  NECA offer this apprenticeship in Sydney and the areas surrounding the ACT. All of EVO Energy's and the broader capital region's ASP apprentices complete this training with NECA.

- **UET30821 Certificate III in ESI - Distribution Underground**

  This is the entry level apprenticeship outcome for an electrical worker employed to install and maintain underground cables and associated equipment.

  NECA offer this apprenticeship in Sydney, Canberra and the broader capital region.

- **UEE43322 Certificate IV in Electrical - Renewable Energy**

  This qualification is a post-trade course for those holding a Cert III Electrotechnology or current unrestricted electrical license. Essential Energy have identified it as a critical to their needs, however it is not clear that the renewable industries or REZ operators will be identifying the full qualification for the purposes of their operations.

  - **Grid-connected Photovoltaic Systems - Skill set** (UEESS00194)[7]

    Forms the basis for SAA[8] accreditation of electrical workers providing such systems behind the customer meter. As such there several training providers servicing this market – including NECA. NECA has purpose-built facilities to deliver this training in Canberra and Sydney.

  - **Grid-connected Battery Storage Systems - Skill set** (UEESS00191)[9]

    Forms the basis for accreditation of electrical workers providing such systems behind the customer meter. As such there several training providers servicing this market – including NECA. NECA has purpose-built facilities to deliver this training in Canberra and Sydney.

  - **Off-grid Photovoltaic/Generating Set Systems - Skill set** (UEESS00205)[10]

    This skill set also supports an accreditation outcome along with other education pathways for standalone powers systems. It is most applicable to remote area operations and supply problems. NECA has purpose-built facilities to deliver this training in Canberra and Sydney.

- **UEE50722 Diploma of Renewable Energy Engineering**

[7] https://training.gov.au/training/details/UEESS00194/skillsetdetails
[8] https://saaustralia.com.au/
[9] https://training.gov.au/training/details/UEESS00191/skillsetdetails
[10] https://training.gov.au/training/details/UEESS00205/skillsetdetails

This qualification is only open to holders of a current Cert III Electrotechnology or unrestricted electrical license. Essential Energy have indicated that it is vital for their internal needs, however the wider market / renewable energy providers do not appear to be pursuing it in preference to the combination of other widely accepted quals (Dips/ Adv Diplomas/ in Electrical Engineering/Electrotechnology & enterprise or in-house training). We also note that Essential Energy does not have the Cert III Electrotechnology on their scope of registration with ASQA, which would prevent them from providing a pathway into this or any other course for which it is a prerequisite.

- **Electrical Vehicle Charger (EVC) micro-credential**

  This area of training is emerging. NECA is developing similar material to offer to the market and is well placed to meet the emerging demand through our existing training facilities and strong relationships with EV charger and solar inverter manufacturers.

Ultimately, the analysis provided by Essential Energy suggests that TAFE & other RTO's are not servicing, or willing to service some of these qualifications.

In response, we would say that:

- The issue of the ESI UET Cert III's, is being addressed by the recommendation to increase Essential's apprenticeship program. Any existing and increased demand from other employers can be met by TAFE and existing private RTO's including NECA Training.
- The UET Cert IV's are closely associated with network employment and specialist work in nature. Their delivery in regional centres may be useful to REZ operators, however at this stage the only need identified is that of Essential Energy.
- The UEE Cert IV and Diploma are more closely aligned to post-electrical trade outcomes and may well feature in workforce training requirements for renewable business operators. These qualifications lend themselves to a greater proportion of remote and online learning supported by shorter face-to-face interactions and suitable assessments/ assignments.
- The skills sets for grid-connected solar and battery installations are well serviced by existing constable training providers, including NECA Training and GSES.

So, whilst the external market for some of these categories and specific qualifications is not substantial at present, there are negotiations taking place between contestable RTO's and businesses already operating and building renewable infrastructure projects in regional NSW and others developing projects and operational plans.

NECA's position and additional commentary

Having referenced the reports of the NSW Electricity Infrastructure Jobs Advocate and his specific recommendation about unlocking under-utilised TAFE training infrastructure to improve regional training and employment outcomes, we offer the following additional commentary. Our recent experiences with TAFE NSW and NSW Dept of education would suggest, at least in the electrotechnology and electrical utilities sector, that they

- are not particularly adept at responding to industry needs
- lack the industry and specialist knowledge to deliver meaningful training and assessment outcomes.
- lack the equipment and resources for the delivery and assessment of specific units and qualifications
- genuinely struggle to attract trainers with the requisite skills and experience to deliver meaningful training and assessment outcomes.

So, whilst the idea of utilising TAFE facilities to accommodate specialised training centres in regional areas is attractive, the reality from our considered viewpoint is that it is unlikely to succeed in these sectors unless TAFE NSW collaborate with industry-based RTO's to deliver the specialised training.

NECA have been attempting to negotiate with NSW TAFE to utilise spare campus facilities / venues and deliver electrotechnology training services in regional areas for a significant amount of time now. Especially given that, to add to the narrative of the Racefor2030 report[11], Jobs and Skills Australia[12] anticipate the nation needed 26,500-42,500 more electricians by 2030 and 21,900-26,100 in the following decade. However, TAFE NSW have, to date, not been open to that outcome.

[11] https://www.racefor2030.com.au/content/uploads/NEM-2024-Workforce_FINAL.pdf
[12] https://www.jobsandskills.gov.au/download/19313/clean-energy-generation/2384/supplementary-report/pdf , pges 17-18

The proposal from Essential Energy to establish six regional training facilities has the potential to supplement and facilitate the delivery of a wider range of training services. However, the proposal to arbitrarily waive the requirements for the DNSP to maintain functional and financial separation from other activities will simply ensure that other participants in the market are forced to compete on an unequal basis.

Essential Energy have identified that the underlying driver for the establishment of the Academy, and its distributed facilities, is its internal training needs. Significant spare capacity / under-utilisation of the academy's facilities (empty class-rooms and pole yards) is going to be an unavoidable aspect of the business model, even with the aspirations to pursue contestable training contracts. However, Essential Energy should be able to manage the resourcing of academy staff to closely approximate and service their legitimate internal training needs.

An Essential Energy RESP (separately branded), established to provide contestable training services could legitimately participate in and provide value to the needs of the renewable energy industries for electrical training market. The discipline required by the ring-fencing rules and associated reporting for staff-sharing (especially if these reporting requirements are improved) will assist the AER in maintaining oversight of the impact and/or drain on Essential Energy's regulated activities, and transparency to the rest of the training industry.

NECA's position is that if a DNSP establishes training facilities with the support of state government borrowings (as declared in the waiver application), its approval should be conditional on a requirement to make spare capacity of the facility available on equal terms to other RTO's delivering suitable courses.

Such outcomes would do more to facilitate regional electrical training and employment outcomes than the outcomes of the waiver application and ensure fair and equitable competition.

In summary

Essential Energy's application for ring-fencing waiver is an interesting solution to a problem that they have not been asked to solve and the issues presented in support of it

are the subject of NSW government initiatives. The justifications provided in the application have only a tenuous relationship to the NEO and the remit of the AER to determine. Ultimately, the waiver is unnecessary and potentially frustrates a better solution that could secure,

- suitable regulation
- fair and equitable competition
- efficient use of government funded resources
- a far better outcome for industry and the regional communities.

For these reasons, NECA strongly advocate that this waiver application be rejected and the AER to refer the matter to NSW government to progress under the NSW 2030 Renewable Energy Workforce Plan[13].

In addition, NECA suggest that the current waiver for Essential Energy to directly deliver ASP refresher training is also inappropriate given the demonstrable ability of alternative providers to service regional areas and provide additional training.

To arrange NECA's further participation discuss any matter relating to the impact of energy network regulation on the electrotechnology industry, please contact NECA's Head of Government Relations and Regulatory Affairs, Kent Johns, at [redacted] or on [redacted]

[redacted]

Oliver Judd
Chief Executive Officer
National Electrical and Communications Association (NECA)

[13] https://education.nsw.gov.au/content/dam/main-education/skills/renewable-energy/renewable-energy-workforce-plan-consultation-draft.pdf