

17 May 2021

Mr Sebastian Roberts
General Manager
Australian Energy Regulator
GPO Box 520
MELBOURNE VIC 3001

Dear Mr Roberts

Formed in 1839, Business SA, the South Australian Chamber of Commerce & Industry, is the State's peak employer body. We are a not-for-profit business membership organisation which works on behalf of members and the broader business community in pursuit of economic prosperity for both South Australia and the nation. With a membership of over 3,600 businesses, we represent South Australian businesses across every industry from micro businesses through to ASX listed companies.

This submission is in response to the AER's consultation on the revised contingent project applications for Project Energy Connect, the interconnector proposal between South Australia and New South Wales.

The last 12 months have placed an unprecedented challenge upon many of our State's businesses dealing with the impacts of the COVID-19 pandemic. While the impacts from industry to industry, within industries, and from region to region have all varied, the crisis has ensured businesses have focused on costs and efficiencies like never before.

South Australian businesses endured many years of elevated electricity costs and have only recently benefit from some reprieve in the wholesale market, acknowledging this does not necessarily impact the transmission or distribution costs of electricity.

In a period where South Australian exporters are increasingly challenged by the complex situation in international markets, including elevated freight costs, container shortages and diplomatic tensions, we need to bear in mind that all costs passed back to businesses through regulatory processes need careful consideration.

Business SA has long provided in principle support for the interconnector project, predicated off the benefits to having more reliable access to other jurisdictions within the NEM when the future of baseload generation across the entire NEM is being increasingly challenged. This has only been highlighted by recent announcements of early retirements, most notably the closure of Yallourn Power Station in Victoria being brought forward until 2028. South Australia is also increasingly challenged with issues of excess intermittent renewable electricity without a home. Further, for our future hydrogen economy to develop, we are going to need to continue developing renewable energy prospects which are likely to be grid connected.



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Business SA is mindful that the portion of the interconnector cost that is attributed to South Australian customers needs to be relative to the benefits we receive. We are also mindful that projects like this need to be constructed in a timely manner to realise the benefits in the first place. This is a project process which has already taken several years, with Business SA's first involvement in consultation occurring in 2016. Subsequently, we encourage the AER to move swiftly through the balance of his regulatory process. Certainty for businesses is key, including for major capital investments which have a significant downstream benefit for local contractors as well.

For any inquiries related to this submission, please contact me on [REDACTED]

Yours sincerely,

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Andrew McKenna
Director, Policy & Advocacy