Australian Industry Greenhouse Network

16 September 2025

NEM Review Expert Panel

c/- NEM Review Secretariat

Department of Climate Change, Energy, the Environment and Water

NEMreview@dcceew.gov.au

Subject: Consultation on the draft report for the National Electricity Market wholesale market settings review

The Australian Industry Greenhouse Network (AIGN) welcomes the opportunity to comment on the National Electricity Market (NEM) Review Expert Panel's draft report for the wholesale market settings review.

This submission makes the following key recommendations:

- **Importance of energy transition:** promoting investment in firmed, renewable generation and storage capacity will be crucial for the transition of both the energy system and of industrial processes pursuing decarbonisation through electrification.
- **Streamlined approach:** Refining and streamlining arrangements to support effective operation of markets and facilitate investment is supported, including building on existing expertise and responsibilities within the NEM to assist the transition.
- **Detail to support high-level design:** the draft report provides a strong basis for further discussion, which should be augmented with additional detail (such as the analysis supporting the panel's recommendations) to allow stakeholders to engage deeply and effectively with draft proposals.
- **Stronger consultation framework**: A more coordinated, inclusive approach to consultation across government would enhance stakeholder engagement and deliver more effective policy outcomes.

Australian Industry
Greenhouse Network

PO Box 4622
Kingston ACT 2604

Phone: +61 2 6295 2166
ABN: 93 108 941 117

www.aign.net.au

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About AIGN

AIGN is a network of industry associations and corporations that provides a forum for discussion on key climate change issues, as well as information and analysis on national and international climate change policy, and the role industry can play in the transition to net-zero emissions by 2050.

We are committed to supporting cohesive, efficient, and predictable climate policies that align with Australia's Paris Agreement targets. We believe a harmonised approach across federal, state, and territory jurisdictions is essential to achieving our emissions reduction targets while maintaining investment stability and minimising sovereign risk.

The transition to a net-zero economy is complex and ambitious, requiring collaborative management and open dialogue. AIGN corporate members are on the frontlines of this transition; association members are valuable sources of expertise on the specific needs and challenges of their respective industry sectors as they move towards a net-zero future.

Streamlined approach to reform recommendations

AIGN supports the Government's ambition to facilitate the clean energy transition by promoting investment in firmed, renewable generation and storage capacity. Industry demand for electricity is expected to continue growing, particularly for decarbonisation, as more industrial processes transition to electrification.

The NEM Review Expert Panel has been tasked with recommending future market settings and reforms to the NEM wholesale market to promote investment once the Capacity Investment Scheme is terminated in 2027. AIGN supports the panel's focus on refining and streamlining arrangements to support the effective operation of short-term physical, medium-term financial, and long-term investment markets. This is consistent with the National Electricity Objective underpinning the design of the NEM, of focusing on efficient outcomes for consumers (e.g., price, reliability, security, and decarbonisation).

AIGN supports the principle evident in the draft report of building on existing expertise and responsibilities within the NEM to support this streamlined approach. We note that the Reliability Panel regularly reviews market operation and the reliability market settings.

The Australian Energy Market Operator (AEMO), as part of its operation, projects development pathways for the NEM and potential generation mixes to assist forward planning for governments and industry. These functions can continue to serve the needs for which they were designed, which will continue to be relevant.

Further details to support proposals

AIGN members report that, while the draft report provides a reasonable basis for further discussion, more detail is needed to engage in the high-level design outlined in the report. This includes ensuring stakeholders have access to the analysis supporting the panel's recommendations.

For example, the nature of barriers to investment in variable renewable energy can be diverse depending on targeted outcomes (such as to provide bulk energy services and dispatchable technologies underpinning shaping and firming services). While improving policy certainty and the consistency of frameworks would be welcome, the details underpinning high-level design proposals are needed to properly engage with them.

AIGN acknowledges the proposal to address the need for long-term investment horizons for the new generation by establishing an Energy Services Entry Mechanism (ESEM) to provide government-backed, long-term contracts for the later years of a project's life, sharing risk with energy users seeking shorter-term contracts to finance clean energy and firming projects.

AIGN members note that the ESEM will need to ensure that projects have both short-term and long-term certainty, so that they can successfully be constructed and operationalised. The Capacity Investment Scheme has experienced similar issues, which were addressed by streamlining the process and establishing a reserve list of projects. However, it is not yet clear whether this approach will be successful in ensuring projects will be operational by 2030.

A constructive path to stronger consultation (and better outcomes)

AIGN notes the detailed consultation program for the next several months, with many consultation processes overlapping. This includes the Productivity Commission inquiries, transition planning guidance, consultation on the Guarantee of Origin Scheme, parliamentary inquiries and state consultations, as well as this consultation. This convergence stretches stakeholders' capacity to engage effectively.

AIGN advocates for a more coordinated, iterative, and multi-stakeholder consultation process to:

- Enhance engagement,
- Streamline consideration of cross-cutting issues, and
- Foster robust, effective policy outcomes.

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Conclusion

AIGN supports the development of enduring market signals for the energy sector as it undergoes a fundamental transformation to meet Australia's needs and bring it in line with our commitment to net zero emissions by 2050. Reforming NEM wholesale market settings is an essential component of this important transition.

AIGN encourages the panel to continue consulting genuinely with stakeholders (both generators and large energy users) on the details of its recommendations, thereby facilitating deep engagement and meaningful contributions to this important reform.

Thank you for your time and consideration.

Kind regards,

Susie Smith | Chief Executive