

12 November 2021

Liam Ryan  
Executive Director, Strategy and Implementation  
NSW Department of Planning, Industry and Environment  
Locked Bag 5022  
Parramatta NSW 2124

Submitted online: [Electricity.Roadmap@dpie.nsw.gov.au](mailto:Electricity.Roadmap@dpie.nsw.gov.au)

Dear Mr Ryan,

**Network Infrastructure Projects (Part 5 of the Electricity Infrastructure Investment Act 2020) – Policy Paper**

Origin Energy Limited (Origin) welcomes the opportunity to provide comments on the NSW Department of Planning, Industry and Environment's (DPIE) Network Infrastructure Projects (Part 5) Policy Paper. Our views on key aspects of the paper are outlined below.

**1. Network infrastructure project authorisation**

We understand that under the legislation, in some instances Energy Co can opt to make a preliminary recommendation that is subject to change based on the outcomes of the tender. It is important for DPIE to clarify the circumstances under which this two-step process would be employed, or when the infrastructure planner is likely to proceed to a final recommendation.

Proponents require confidence that the recommendation regarding the technical specifications of key network infrastructure provided at the time of the tender process will not be subject to material changes (such as a significant change in the location of a sub-station or line route). It would therefore also be useful for DPIE to provide examples of the factors that could be subject to change at the time of the final recommendation.

Where significant uncertainty remains due to any ongoing risk of material changes, DPIE should consider options to address this, such as by allowing participants to provide contingent bids (i.e., contingent on minimal changes); or to provide multi-part bids (different bids based on the preliminary recommendation and on the potential changes). We note, however, that this would add to the complexity of the tender auction and would not be ideal.

**2. Transmission Efficiency Test (TET) and the Regulator's determination**

The overarching objective of the test should be to ensure NSW consumers are getting value for money. We consider the methodology used by the Consumer Trustee to calculate a prudent and efficient cap on cost should be transparent. In addition, the TET process should include guidance on how any future rise in project costs will be treated, including where cost increases may mean that the cap is breached.

**3. Classes of network infrastructure**

We support the inclusion of class 3 – non-network options to meet classes 1 & 2 infrastructure. Non-network solutions can provide efficient and lower cost options to support network infrastructure.

System strength services must be appropriately valued and provided for the effective delivery of a REZ and to avoid the poor outcomes that have been experienced elsewhere in the NEM. Under the current

NEM framework where TNSPs are responsible for network infrastructure, there is an inherent bias towards network solutions. This occurs even with checks and balances in place, such as a Regulatory Investment Test (RIT).

Therefore, in including system security as a class of network infrastructure under the NSW framework, DPIE should ensure that there is a process for non-network solutions to be given fair and equal treatment when selecting the optimal option to provide system services.

Should you have any questions or wish to discuss this submission further, please contact Sarah-Jane Derby at [REDACTED] or on [REDACTED].

Yours sincerely,



Steve Reid  
Group Manager, Regulatory Policy