

Electricity Infrastructure Fund Policy Paper: Consultation submission form

This form is to be used to provide feedback on a series of questions included in the [Electricity Infrastructure Fund Policy Paper](#) to help inform the development of the regulations. The Electricity Infrastructure Fund Policy Paper considers detailed policy options to support Part 7 of the *Electricity Infrastructure Investment Act 2020* (NSW) (EII Act).

Please see the [Electricity Infrastructure Roadmap webpage](#) for more information.

Consultation questions

You do not need to answer every question. Please answer the questions of interest to you.

Chapter numbers indicate the location of questions in the policy Paper.

Please make your submission by **5pm on Wednesday 27 October** to Electricity.Roadmap@dpie.nsw.gov.au.

Confidentiality and submissions

Providing submissions is entirely voluntary, is not assessable, and does not in any way include, exclude, advance or diminish any entity from any future procurement or competitive process regarding the Electricity Infrastructure Roadmap, or any other NSW programs.

All submissions will be made publicly available unless the stakeholder advises the Department not to publish all or part of its submission. Authors may elect for some or all of their submission to be kept confidential. If you wish for your submission to remain confidential please clearly state this in your submission.

Your details

Submission type	<input type="checkbox"/> Individual <input checked="" type="checkbox"/> Organisation <input type="checkbox"/> Other Click or tap here to enter text.
Author name	Simon Moore
Organisation	Business NSW
Author title	Policy manager – infrastructure
Phone	
Email	
Stakeholder group	<input type="checkbox"/> Generation or storage infrastructure provider <input checked="" type="checkbox"/> Electricity consumer or representative body

	<input type="checkbox"/> Network infrastructure provider <input type="checkbox"/> Energy retailer <input type="checkbox"/> Government or market institution <input type="checkbox"/> Individual <input type="checkbox"/> Other (please specify) Click or tap here to enter text.
--	--

Questions

Table 1

Questions related to the guiding principles	
Question 1: Do you agree with the proposed guiding principles? Are there other principles which should be considered?	Agree
Question related to the approach for measuring and apportioning costs	
Question 2: Do you agree that apportioning contributions from distribution businesses based on a mixture of energy delivered and peak demand best aligns with the guiding principles? Is there a better option? Why is it better?	Agree
Questions related to the smoothing of cost recovery and hardship provisions	
Question 3: Do you agree contributions from distribution businesses should be paid quarterly to minimise working capital for distribution businesses? Will monthly payments become less problematic in the future?	Agree
Question 4: Do you agree the Scheme Financial Vehicle should use a loan facility to smooth costs over time? If not, why?	Agree – but would encourage the Department to provide an assessment of any structural changes that could raise costs/risks of utilising the loan facility. The facility is depicted as a means of addressing under-resourcing of the Fund due to fluctuations “in some periods”, but not any systematic error that could lead to under-resourcing of the Fund in most/all periods. For example, if costs of delivery of electricity infrastructure prove persistently higher or lower than forecasts over

	the duration of the program, does this create any risks for the operation of the loan+true up mechanism? Are there any identifiable scenarios in which the use of the loan mechanism could fall out of alignment with consumer interests?
Question 5: Do you agree a 3-year rolling average (1 year lagging and 2 years leading) is the best way to ensure adequate funds are available while also smoothing costs for consumers?	No view
Question 6: Do you agree the scheme should provide for a negative contribution amount? What threshold should be set for applying a negative amount?	Agree
Questions related to transparency of costs and benefits to consumers	
Question 7: Do you agree it is important for consumers to understand the component parts of Roadmap scheme costs (e.g. payments under LTES Agreements compared to network infrastructure)?	Somewhat agree – in practice the nature of some of the investments being supported by the Roadmap are such that distinctions between LTES and network infrastructure (for example) may be less intuitive than other ways of explaining the data. In an REZ the value of network build will only be achieved if generation is connected; and the value of generation only realised if it has network to connect to. In reporting the component costs, it would be useful to have information on the costs associated with each REZ and the other components (e.g. long duration storage outside of REZs) as well as the basic network/generation split.
Question 8: How can the benefits of the Roadmap be assessed and communicated, ensuring the information is up to date, accepted by stakeholders, relevant for consumers and without significant administrative burden?	<p>This is a significant challenge for the success of the Roadmap going forward. Before any construction or investment decisions have begun, we have already seen confusing communication about the expected results of the Roadmap. Should this create inaccurate community expectations about what the Roadmap will achieve, this risks creating reputational damage to the program which jeopardises its good intentions.</p> <p>Specifically, the benefits of the program have been communicated as “resulting in lower energy bills” or similar phrasing, but common understanding of what that means differs from the specific usage the Department intends. Whereas most people, hearing that, will think the Department thinks “lower energy bills” <i>than they are now</i>, in fact the Department means “lower energy bills” <i>than they would otherwise have been in a</i></p>

	<p><i>hypothetical situation in which this policy was not implemented. Compared to today, the Department's projection is not for "lower" bills, but higher ones.</i></p> <p>This outcome is not an indictment of the policy itself – that may well be the best achievable outcome, and reflect highly cost-effective decisionmaking throughout. But nevertheless, if those outcomes are not the ones that the community has heard being promised, then it risks a backlash.</p> <p>The handling of the counterfactual is a wider challenge in the communication of the impacts of the Roadmap. The success or failure of the Roadmap cannot solely be assessed by comparison with ultimately unknowable hypothetical numbers.</p> <p>Communication about the Roadmap should instead focus on the methods and effectiveness of the different means of achieving cost-effectiveness within the overall Roadmap program – for example, how auction outcomes demonstrate that most cost-effective options have been selected, how assessment of LDS projects have ensured best value/maximum security of supply for the budget allocated etc. The temptation with the counterfactual approach will always be to make the counterfactual look worse, in order to make the actual path taken look better. Rather than encouraging the Department to spend its time generating fictional numbers for the purposes of counterfactual assessment, its time would be better served by ensuring it has the right methods and processes in place to make the best decisions with the information it has available to it.</p>
<p>Question 9: Do you agree a mixture of annual reports, website(s) and bill information is the best way to inform consumers about the benefits and costs of the Roadmap? Is there a simple way to provide bill information?</p>	<p>Agree – bill information will realistically need to be limited in detail and scope, and may amount to a subheading under the network line items, saying</p> <p><i>"Network cost \$xxxx,</i></p> <p><i>of which NSW Electricity Roadmap contribution \$yyyy"</i></p> <p>while directing consumers to a website or annual report for detailed information.</p>
<p>Questions related to exemptions</p>	

Question 10: Do you agree with exempting entities up-front or would you prefer a rebate approach? Why?	No response
Question 11: If exemptions were administered on a proportional scale (between 0 and 100 per cent), how could we categorise which entities should be subject to which level of exemption?	No response
Question 12: Do you agree green hydrogen production should be treated in the same way as other emissions intensive and trade exposed industries, or should it be treated differently?	No response
Question related to the Fund administration (financial reporting)	
Question 13: Do you agree the options outlined are an effective approach for financial reporting for the Fund? Are there any additional considerations?	No response

Supporting information

<p>If you have additional information you would like to provide to support your views, please provide it here.</p> <p>If you have additional documents to provide to support your views, please email it with your submission.</p>	
--	--

Confidentiality and submission publication preferences

Please indicate your publication preferences (select one option only).

☒ **Option 1: Non-confidential submission**

Your submission will be published on the Department's website. Your personal contact information (such as phone number and email address) will be redacted.

☐ **Option 2: Confidential submission**

Your submission will **not** be published on the Department's website. The name of your organisation will be published.

Some confidential submissions **may** be shared with the following entities:

- the Australian Energy Market Operator, Energy Security Board, Australian Energy Market Commission, Australian Energy Regulator, Independent Pricing and Regulatory Tribunal or the Australian Competition and Consumer Commission
- TransGrid, the Clean Energy Finance Corporation or the Australian Renewable Energy Agency or distribution network service providers
- the entities appointed or to be appointed under the EII Act (Consumer Trustee, Financial Trustee, Scheme Financial Vehicle and Regulator).

☐ **Option 3: Anonymous and confidential submission**

Your submission will **not** be published on the Department's website. The name of your organisation will **not** be published.

Your submission will **not** be shared with the with the following entities:

- the Australian Energy Market Operator, Energy Security Board, Australian Energy Market Commission, Australian Energy Regulator, Independent Pricing and Regulatory Tribunal or the Australian Competition and Consumer Commission
- TransGrid, the Clean Energy Finance Corporation or the Australian Renewable Energy Agency or distribution network service providers
- the entities appointed or to be appointed under the EII Act (Consumer Trustee, Financial Trustee, Scheme Financial Vehicle and Regulator).

The Department will redact personal details from submissions made by individuals to protect personal information. In the absence of an explicit declaration to the contrary, the Department will assume that information provided by respondents is not considered intellectual property of the respondent.

The Department may disclose confidential information provided by you to the following parties:

- NSW Government departments, NSW Ministers and Ministers' Offices
- the NSW Ombudsman, Audit Office of NSW or as may be otherwise required for auditing purposes or Parliamentary accountability
- other parties where authorised or required by law to be disclosed.

Where the Department discloses this information to any of these parties, it will inform them that the information is strictly confidential. The Department may publish or reference aggregated findings from the consultation process in an anonymised way that does not disclose confidential information.

We may be required to release the information in your submission in some circumstances, such as under the *Government Information (Public Access) Act 2009*.

Electricity Infrastructure Roadmap

Consultation submission form



The information contained in this publication is based on knowledge and understanding at the time of writing (September 2021) and may not be accurate, current or complete. The State of New South Wales (including the NSW Department of Planning, Industry and Environment), the author and the publisher take no responsibility, and will accept no liability, for the accuracy, currency, reliability or correctness of any information included in the document (including material provided by third parties). Readers should make their own inquiries and rely on their own advice when making decisions related to material contained in this publication.