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NSW Renewable Energy Sector Board

Third report on activities of the Board

June 2022





Acknowledgement of Country

The NSW Renewable Energy Sector Board and the NSW Office of Energy and Climate Change (OECC) acknowledge the First Nations people of NSW and their continuing social, spiritual and cultural connection to Country, and we pay our respects to Elders past, present and emerging.

The Board and the OECC believe in thoughtful, placed-based approaches to our work and maintaining strong partnerships with First Nations communities to ensure local priorities and values inform and influence decision-making, and that those communities benefit from the economic empowerment and jobs generated from the work of the Board and the OECC.

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NSW Renewable Energy Sector Board: Third report on activities of the Board

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Introduction

The *Electricity Infrastructure Investment Act 2020* (NSW) (the Act) requires the Minister for Energy (the Minister) to establish a board for the NSW renewable energy sector.

The Minister appointed the NSW Renewable Energy Sector Board in February 2021 for a 3-year term.

This is the Board's third report on its activities, which the Board is required to provide to the Minister by 30 June 2022.

Changes in NSW Renewable Energy Sector Board membership

As set out in the Board's second report, as at 30 June 2021, the Minister had accepted the resignation from the member representing the Electrical Trades Union (ETU) and had invited nominations to fill the position.

From 1 July 2021 to 30 June 2022, the following changes in Board membership took place.

On Thursday 15 July 2021, the Minister appointed Mr Trevor Gauld as the member representing the ETU to the Board. Mr Gauld has extensive experience in energy policy and the energy regulatory environment, including strong links with the renewable energy industry.

The Minister accepted the resignation of Mr Paul Italiano, effective 31 July 2021. Mr Italiano had been nominated to the Board by Energy Networks Australia (ENA) and the Minister sought diverse nominees from ENA to fill the position.

Following that process, the Minister appointed Mr Brian Salter to the Board on Tuesday 26 October 2022. Mr Salter has an extensive legal background with experience at senior executive levels, and is a specialist in regulatory, risk, compliance and governance issues.

Following Mr James Hay's formal appointment as Chief Executive of the Energy Corporation of NSW (EnergyCo), the Minister appointed Mr Hay to the Board in an ongoing capacity.

About the new members



Mr Trevor Gauld, National Policy Officer, Electrical Trades Union (ETU)

Trevor Gauld has represented electrical workers' interests on a variety of committees, boards and advisory councils at both the state and federal level. His extensive experience in working with diverse stakeholder groups has led to the development and implementation of improved industry standards through the provision of advice, detailed policy analysis and advocacy to employers, regulatory agencies and government.

Trevor has held a variety of electrical licences and safety qualifications through his work across a large range of different sectors in the electrical industry, which include power distribution and transmission, electrical maintenance and construction.



Mr Brian Salter, Executive General Manager – Legal, Governance & Risk, Transgrid

Brian Salter is a highly experienced legal executive, and has practised commercial law for over 35 years. He is a specialist in regulatory, risk, compliance and governance issues. Brian was a partner at a major first tier law firm for 19 years.

Brian is the former Chair of the Australian Securitisation Forum, the General Counsel 100 and SCECGS Redlands. He was a long-time member of the Legal Committee of the Australian Institute of Company Directors (AICD) and the Corporations Committee of the Business Law Section of the Law Council of Australia.

Outcomes of Board meetings

The Board held 8 meetings in the period 1 July 2021 to 30 June 2022, and one out-of-session meeting in August 2021.

Fourth meeting: 19 July 2021

The Board held its fourth meeting on Monday 19 July 2021. The Board discussed:

- its vision and priorities for the renewable energy sector
- its advice to the Consumer Trustee on local content requirements for generation, storage and network projects under the Electricity Infrastructure Roadmap (the Roadmap), including:
 - individual members' priorities for the Board's advice
 - opportunities to engage with the Consumer Trustee
- evidence needed to ensure the Board's plan:
 - is consistent with Australia's international trade obligations
 - protects the financial interests of electricity customers.

The Reference Group that the Board had agreed to establish to support development of its plan (refer to the Board's second report) had held a workshop on 28 June 2021. The Board noted written feedback from the Reference Group and a workshop summary by MBB Group.

The secretariat also provided an update on activities under the Roadmap.

Fifth meeting: 17 August 2021

The Board held its fifth meeting on Tuesday 17 August 2021. The Board discussed:

- a draft vision statement and principles for the Board's plan
- draft table of contents for the Board's plan.

Representatives of AEMO Services Ltd (ASL)¹ presented on the Consumer Trustee's intended approach to competitive tenders for long-term energy service agreements (LTESAs) under the Roadmap, including design considerations for local content requirements.

The Board continued to develop its advice to the Consumer Trustee on local content requirements for generation, storage and network projects under the Roadmap, with a focus on evidence and consultation needed to inform recommendations for minimum requirements or targets.

¹ In July 2021, the NSW Government appointed AEMO Services Limited, an independent subsidiary of the Australian Energy Market Operator Limited, to the role of NSW Consumer Trustee. In this role, and for the duration of its appointment, ASL is required to carry out its functions in the long-term financial interests of NSW, in accordance with the requirements of the Act.

The Board agreed it would:

- consider the following to demonstrate its plan protects the financial interests of NSW electricity customers:
 - evidence from existing local content requirements and related costs, including other jurisdictions in Australia and internationally
 - quantitative analysis and modelling to understand the costs and benefits associated with the Board’s recommendations
 - research to establish an understanding of customers’ willingness to pay for increased use of local content
- continue working with King & Wood Mallesons to ensure consistency of its plan with Australia’s international trade obligations
- hold an out-of-session meeting to continue discussion on the process for recommending minimum requirements or targets for local content.

Out-of-session meeting: 30 August 2021

The Board held an out-of-session meeting on Monday 30 August 2021. During the meeting the Board discussed the following elements of its plan:

- terminology and language
- the meaning of ‘local’
- type and structure of potential local content requirements in merit assessment.

Sixth meeting: 16 September 2021

The Board held its sixth meeting on Thursday 16 September 2021.

Mr Matt Robertson advised he would recuse himself from voting on recommendations specific to steel as he is an employee of BlueScope, a major steel producer.

During the meeting, the Board continued to discuss its advice to the Consumer Trustee on local content requirements for generation, storage and network projects.

ASL representatives presented on the draft Infrastructure Investment Objectives report.

Seventh meeting: 13 October 2021

The Board held its seventh meeting on Wednesday 13 October 2021. During the meeting, the Board continued to refine its draft recommendations on local content requirements for generation, storage and network projects, with a focus on:

- consultation needed to support the Board’s recommendations
- the approach to compliance, monitoring and reporting of local content requirements for projects under the Roadmap
- options for setting an aspirational goal to signal the Board’s ambition for the renewable energy sector.

Representatives from the Institute for Sustainable Futures (ISF) at the University of Technology Sydney and SGS Economics and Planning presented on the baseline and opportunity study for the NSW renewable energy sector.

Eighth meeting: 19 November 2021

The Board held its eighth meeting on Friday 19 November 2021. During the meeting, the Board voted to accept in full its recommendations for generation, storage and network projects on the following:

- eligibility criteria
- Industry Participation Plans (IPPs)
- evidence requirements for IPPs
- national security requirements.

The Board voted to accept its recommendations on the following in part, with consideration of elements of each deferred to the next Board meeting:

- merit and value for money assessments
- monitoring, reporting and compliance.

The Board agreed to further refine a proposed recommendation for the use of Australian standards, for consideration at its next meeting.

The Board also:

- noted the upcoming workshops with developers and engineering, procurement and construction contractors (EPCs) on the Board's proposed minimum requirements
- requested the secretariat to send invitations and meeting papers to Board members and their nominated Reference Group members
- requested the secretariat to arrange out-of-session meetings to seek members' feedback on the Board's advice for building up the capacity and capability of the NSW renewable energy sector.

The Board agreed to provide feedback out of session on the draft First Nations Guidelines provided for the Board's consideration, and requested the secretariat organise a dedicated feedback session with interested Board members.

Ninth meeting: 16 December 2021

The Board held its ninth meeting on Thursday 16 December 2021.

Representatives from ACIL Allen Consulting presented on a draft report of consumer costs, economic benefits and consumer willingness to pay for local content.

During the meeting, the Board voted to accept its recommendations on the following:

- local jobs to be considered at value for money assessment
- the use of Australian standards, noting that the recommendation assumes a reasonableness test will be applied
- enforcement, incentives and penalties, under an overall recommendation for monitoring, reporting and compliance.

The Board also voted to accept its recommendations for minimum requirements and stretch goals on the following:

- investment and innovation
- First Nations participation, noting a comment that region-specific goals are still being developed and the role of these goals is not yet clear
- fair and ethical practice
- environmentally sustainable procurement.

Following a request from the Clean Energy Council (CEC), the Board agreed to undertake further consultation prior to making a decision on its recommended minimum requirements and stretch goals for:

- supply chain inputs
- learning workers and apprentices, in the theme employment, skills and knowledge transfer.

The Board also voted to accept its advice for building up the capacity and capability of the NSW renewable energy sector and all other sections of its plan not covered above, noting the secretariat would circulate an executive summary for the Board's consideration.

Tenth meeting: 4 February 2022

The Board held its 10th meeting on Friday 4 February 2022. The Board voted to accept:

- the executive summary for the plan
- minimum requirements and stretch goals for supply chain inputs.

The Board, except for the CEC, voted to accept:

- minimum requirements and stretch goals for learning workers and apprentices in the theme employment, skills and knowledge transfer.

The Board noted it had endorsed all recommendations within its plan and that the joint chairpersons would provide the plan to the Minister for his consideration. The Board also noted that following the Minister's consideration, and any changes the Minister requests, the plan would be provided to the Independent Pricing and Regulatory Tribunal (IPART), and then to the Minister for final approval.

Eleventh meeting: 28 June 2022

The Board held its 11th meeting on Tuesday 28 June 2022. This was a strategy day to work on the Board's future work plan.

Other Board activities

Board members attended:

- a presentation on the NSW Hydrogen Strategy on Monday 15 November 2021
- a briefing on the draft First Nations Guidelines on Thursday 25 November 2021
- a briefing on the Renewable Manufacturing Fund on Tuesday 5 April 2022.

Provision of the Board's plan to the Minister and IPART

Following the Board's endorsement of its plan, Mr Craig Memery and Mr Daniel Walton as the joint chairpersons provided the plan to the Minister for his consideration on 17 February 2022. Mr Memery and Mr Walton met with the Minister on 28 March.

The Board then worked to update the plan to provide further clarity to industry and other stakeholders and ensure the plan could be implemented. The Board unanimously endorsed the updates to its plan, and the joint chairpersons provided the updated version to the Minister on 7 May 2022.

On 1 June, as requested by the Minister, the secretariat provided the plan to IPART for consideration.

Advice to inform the Board's plan

Commissioned research: project update

As set out in the Board's second report, the secretariat commissioned the following projects to inform development of the Board's plan:

- supply chain analysis of the renewable energy sector by MBB Group
- a work health and safety study by MBB Group
- a baseline and opportunity study of the renewable energy sector by ISF in partnership with SGS Economics and Planning.

These projects have been completed, and final reports are to be published concurrently with the Board's plan. A summary report of the ISF & SGS Economics and Planning project is available at [Employment, Skills and Supply Chains: Renewable Energy in NSW – Summary Presentation \[PDF 7.4MB\]](#).

Consumer costs and economic benefits

To ensure its plan protects the financial interests of electricity customers, the Board requested the secretariat commission:

- analysis and modelling of consumer costs, economic benefits, and the capacity of small and medium enterprises (SMEs)
- a survey of consumer willingness to pay.

The secretariat engaged ACIL Allen, a leading independent economics, policy and strategy advisory firm, for the project. Mr Memery participated in an advisory capacity on the tender evaluation panel.

Mr Memery and Mr Walton provided input on behalf of the Board to the development of the project methodology. The next section sets out stakeholder consultation that informed the project. The final report will be published concurrently with the Board's plan.

Trade law advice

The Board and secretariat continued to work with trade law advisors King & Wood Mallesons to ensure the Board's plan is consistent with Australia's international trade law obligations.

Stakeholder consultation to inform the Board's plan

Engagement between the Board and ASL

Mr Memery and Mr Walton met with representatives from ASL on a monthly basis from August to December 2021 and from February to April 2022.

These meetings provided an avenue for dialogue between the Board and ASL during the development of the Board's plan, and helped inform industry consultation on the plan (see further detail below).

ASL hosted a public webinar on the design of competitive tenders for LTESAs and renewable energy zone (REZ) access rights on Monday 7 February 2022.

On Tuesday 15 February 2022, ASL held a 'deep dive' session for the Board on tender design. The Board and ASL discussed the Board proposed recommendations for maximising the use of local content.

On Wednesday 11 May 2022, Mr Memery and Mr Walton met with the ASL Board to discuss the Board's proposed recommendations for local content.

Consultation with industry

The Board consulted on its proposed minimum requirements for supply chain inputs with developers and EPC contractors at workshops hosted by ASL on Thursday 25 November and Tuesday 30 November 2021.

At its December 2021 meeting the Board had agreed to carry out further consultation prior to finalising its recommended minimum requirements for supply chain inputs, and learning workers and apprentices.

On Wednesday 22 December 2021 the CEC hosted a briefing with its members on the Board's proposed minimum requirements. On behalf of the Board, the secretariat also consulted with industry on a minimum requirement for use of local steel in wind projects and the proposed minimum requirements and stretch goals for network projects.

ACIL Allen presented on the assumptions underpinning its analysis at the 2 workshops hosted by ASL and the briefing hosted by the CEC. Feedback from the industry consultations is captured in the project's final report (ACIL Allen 2022).²

As set out above, the Board endorsed its recommended minimum requirements and stretch goals at its meeting in February 2022.

Consultation with NSW Government agencies

The secretariat consulted on behalf of the Board with NSW Government agencies on the Board's advice for building up the capacity and capability of the NSW renewable energy sector. The following agencies provided feedback:

- Department of Education
- Department of Regional NSW
- Infrastructure NSW
- Investment NSW
- NSW Environment Protection Authority
- NSW Small Business Commissioner
- TAFE NSW.

² ACIL Allen (2022) *Consumer costs and economic benefits for Renewable Energy Sector Board's Plan: Final report*, report to NSW Department of Planning and Environment, ACIL Allen.

IPART

IPART, as the regulator for Part 2 of the Act, may recommend the Board's plan to the Minister only if satisfied the plan:

- protects the financial interests of NSW electricity customers
- is consistent with Australia's international trade obligations.

The Minister may approve the plan only on the recommendation of IPART.

To support IPART's consideration of the plan, the secretariat consulted IPART on the proposed methodology for modelling of consumer costs and economic benefits of local content.

Representatives from IPART attended a workshop facilitated by ACIL Allen Consulting on Thursday 21 October 2021.

The secretariat also organised presentations by King & Wood Mallesons and ACIL Allen Consulting for IPART representatives on Tuesday 22 February 2022.