

21 May 2021

Ms Chloe Hicks
Director, Energy Infrastructure and Zones
Department of Planning, Industry and Environment

Email: rez@planning.nsw.gov.au

Tranche two regulations to support the Electricity Infrastructure Roadmap – Issues Paper

Dear Ms Hicks

Energy Networks Australia (ENA) appreciates the opportunity to comment on the NSW Tranche two regulations Issues Paper.

ENA is the national industry body representing Australia's electricity transmission and distribution and gas distribution networks. Our members provide more than 16 million electricity and gas connections to almost every home and business across Australia.

There are benefits to a more connected grid in the transition to a highly renewables-based energy mix. ENA supports the intent of the NSW Electricity Infrastructure Roadmap and the approach to deliver timely and efficient transmission projects to support generation and facilitate the energy transition.

Tranche Two Regulations

The Issues Paper covers a number of aspects that will be included in future regulations to be made under the *Electricity Infrastructure Investment Act 2020* (NSW) (EII Act):

- » The Energy Security Target Monitor;
- » The Electricity Infrastructure Investments Safeguard;
- » Classification of Renewable Energy Zone (REZ) network infrastructure; and
- » Compliance and Enforcement.

Energy Security Target

ENA considers the Australian Energy Market Operator's (AEMO's) established systems and processes for firm capacity calculations should be relied upon to the extent possible to reduce complexity and encourage efficient investment over time.

The Energy Security Target Monitor should have the flexibility to develop a suitable methodology for de-rating factors for solar or wind generation, with guiding principles included in the tranche two regulations. This approach, consistent with option 2 in the issues paper, should offer the flexibility for the Energy Security Target Monitor to adapt its approach over time to be consistent with that adopted by AEMO.

Electricity Infrastructure Investment Safeguard

ENA supports aligning NSW reliability standards with those in the NER (i.e. the 0.002% maximum expected unserved energy or the 0.0006% Retailer Reliability Obligation until 30 June 2025). Networks in the NEM should be built to the NER reliability framework governed by the Australian Energy Market Commission's Reliability Panel. Any deviations from national arrangements should have a clear rationale and quantify any change in costs to consumers.

ENA supports governments developing prudent approaches to cater for high-impact low-probability events or reliability gaps that are in customers' interests.

Classification of REZ Network Infrastructure

The Issues Paper notes that regulations are required to prescribe classes of network infrastructure for defining REZ network infrastructure projects. ENA recommends that classifications of REZ network infrastructure, including any subclassifications if required, should align with the National Electricity Rules (NER).

Augmentation of existing shared transmission assets should be undertaken and owned by the primary transmission network service provider (TNSP) who owns those assets and, therefore the cost of that augmentation should also be recovered by the primary TNSP.

New infrastructure outside the REZ, where required, should be developed by the primary TNSP as regulated assets.

Compliance and Enforcement

ENA note that the EII Act has directions powers in Section 32 for delivery of specified infrastructure projects and Section 35, covers the failure to comply with the directions. ENA support regulations being developed to clarify these complex arrangements under Section 35 and the interaction with appropriate cost arrangements and obligations with other laws.

ENA looks forward to further engagement with DPIE as the framework progresses.

Should you have any queries on this response, please contact Verity Watson at vwatson@energynetworks.com.au.

Yours sincerely



Jill Cainey
General Manager Networks