

27 October 2021

Ms Kate Norris
Director, Strategic Energy Projects
Department of Planning, Industry and Environment

Email: Electricity.Roadmap@dpie.nsw.gov.au

Electricity Infrastructure Safeguard (Part 6 of the Electricity Infrastructure Investment Act 2020) Policy Paper

Dear Ms Norris,

Energy Networks Australia (ENA) appreciates the opportunity to comment on the NSW Electricity Infrastructure Safeguard Policy 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 network projects to support generation and facilitate the energy transition.

In summary ENA support:

- » The guiding principles, including that the Infrastructure Safeguard is well integrated with the National Electricity Market (NEM), including maintaining reliability and security of the power system and minimising total system costs in the long term interests of consumers;
- » The Infrastructure Investment Objectives (IIO) report being prepared with sufficient time to be included as a policy input in the draft and final ISPs in the future. Where inputs have varied from the Integrated System Plan (ISP), there should be consultation with stakeholders which explains the rationale for the variations and clarity regarding how the feedback has been addressed. Similarly, consultation should be undertaken on the draft IIO report;
- » A Regulator review of the Consumer Trustee's processes and compliance/risk with the NSW framework should be considered;
- » The NSW Roadmap dovetailing into the national reform processes for demand side participation and essential system services. Firm demand response from consumers could reduce the costs of the Roadmap, potentially for both generation and network infrastructure;
- » A review point for Long Term Energy Service Agreements (LTESA) in relation to the ongoing need and potentially reducing term; and
- » Clear roles and responsibilities of the NSW Government, Infrastructure Planner, the Consumer Trustee and the bidders/winning bidder regarding community engagement, engagement with land owners at the various points in the process.

Support guiding principles

ENA support the guiding principles, including that the Infrastructure Safeguard is well integrated with the NEM, this may reduce the costs of operating the state policy and allow consideration to revert back to NEM arrangements at some future point.

ENA consider that maintaining reliability and security of the power system for NSW consumers and those in the NEM should also be included in the list. Minimising total system costs is in the long term interests of consumers and should also be added to guide the establishment of the framework and consider cost and complexity of the interactions and future operations.

The inclusion of social licence is welcomed in the principles. Ensuring that transmission and project infrastructure development is well coordinated, and community support is essential for the transition to a low emissions economy. In our opinion, these initiatives are critical for fostering community acceptance of the Renewable Energy Zone (REZ). In particular, distribution level initiatives are likely to align well with the objectives of the NSW Roadmap, particularly as they relate to removing constraints and further fostering customers' own Distributed Energy Resource (DER).

Planning for Infrastructure Investment

ENA support the IIO report being prepared with sufficient time to be included as a policy input in the draft and final ISP for 21/22 and for future ISPs. It is important that the national integrated system plan is able to acknowledge firm policy inputs from each state. This will enable the final ISP every two years to reflect state policy rather than be out of step. It is important that consumers have confidence in the NSW Roadmap and the ISP.

ENA support NSW utilising to the extent possible the ISP consumer challenge panel to seek consistency between the two planning regimes. However, it should be noted that whilst the IIO Report and ISP are similar, they do have different objectives. The IIO aims to deliver minimum investment targets at lowest cost by 2030, whereas the ISP seeks to achieve power system requirements in the long term interests of consumers. Therefore, it is not appropriate that the Consumer Trustee leverages all the ISP consultation processes in lieu of its own. The Roadmap is set to deliver 32 billion dollars of infrastructure investment and this material investment programme warrants its own consultation processes to allow stakeholders the opportunity to engage fully.

Nonetheless, some of the safeguards considered in the actionable ISP framework could be adopted in NSW. Where inputs have varied from the ISP, there should be consultation with stakeholders, clear rationale for the variations and clarity regarding how the feedback has been addressed. Consultation on a draft IIO report should also be included to provide transparency to stakeholders. A Regulator review of the Consumer Trustee's processes and compliance/risk with the NSW framework should also be considered.

The Australian Energy Market Operator undertakes significant engagement on the development of scenarios to deal with the future uncertainties and also runs a number of sensitivity tests in the ISP framework. Ideally NSW would adopt these scenarios for development of REZs and network infrastructure where appropriate.

ENA is supportive of using the latest data in the NSW IIO, where material, but also suggests seeking alignment with the ISP scenarios and sensitivities unless there is a good rationale to vary. NSW is a key linking state in the NEM and can be impacted by other states policies in the NEM and vice versa.

TransGrid's Transmission Annual Planning Report is also an important input to the development of the 20 year and 10 year plans.

Policy Considerations for LTESAs

ENA is mindful of consumers and the role they can play in demand response. Broadly speaking, the Roadmap seems more firmly weighted to investors than encouraging consumer behaviour and demand response in the wholesale market. Technology and speed of response for distributed demand response will change over time enabling consumers to more actively participate in the wholesale market.

ENA suggests that further contemplation of the role the demand side can play should be undertaken within the design of LTESAs with the intent of underscoring the consumer perspective of value for money. The NSW Roadmap should dovetail into the national reform processes for demand side participation and essential system services. Firm demand response from consumers could reduce the costs of the Roadmap, potentially for both generation and network infrastructure. There is benefit in considering how this could be encouraged and funded. ENA understand that LTESAs are intended to provide support for investors for a contracted term, say 15 years.

LTESAs are not a pre-requisite to gain access in a REZ or access to the shared transmission or distribution network. A few questions need exploration:

- » Is there an ongoing need for LTESA, should they be shorter in length as the Roadmap progresses or sunset by a certain date?
- » Should there be a review point to consider the volatility on consumers bills from the LTESAs and the ongoing need to support private investors?

Tendering for LTESA and access rights

ENA is supportive of local community and employment funding to help gain social licence for REZ connections and network infrastructure, noting that this is paid for by all electricity consumers on the distribution network. ENA is also supportive of connecting parties paying fees to reduce costs to electricity consumers.

The Consumer Trustee appears to have a coordinating role giving the go ahead for specific network infrastructure contracts. There are a number of network planners and coordinators in the framework, it may be useful to carefully consider who has what accountability and responsibilities for social licence to ensure the acceptance of the Roadmap.

Governance and Controls

ENA support ongoing transparency and accountability in decision making by the Consumer Trustee to ensure that the framework continues to be effective for NSW and for the NEM.

The Consumer Trustee has an important role to bring along consumers and community with the infrastructure needs identified through the IIO report. Based on a preliminary view of the Part 5 policy paper, the Infrastructure Planner will be assessing options and network routes. The roles and responsibilities of the NSW Government, Infrastructure Planner, the Consumer Trustee and the bidders/winning bidder should be clear regarding community engagement and engagement with landowners at the various points in the IIO report development, infrastructure planning, tendering and delivery. Engagement should not wait until network infrastructure is already tendered out.

Parties impacted by the Roadmap should have an opportunity to provide input to the 10 and 20 year plans and any variation from the ISP inputs/scenarios etc. There may also be a role for the Regulator to assess whether the consultation procedures have been followed by the Consumer Trustee (such as the AER's role regarding the ISP). Such a role would help ensure the accountability of the Consumer Trustee to stakeholders and build trust in the transparency of decision-making.

The Policy Paper suggests that the Consumer Trustee could be expanded to work for other jurisdictions. If this is the case, the Consumer Trustee should only allocate time/cost relevant to the Roadmap to the NSW distributors.

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

Yours sincerely



Jill Cainey

General Manager Networks