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Renewable Energy Zones in NSW

The NSW Government's Electricity Strategy sets out a plan to deliver three Renewable Energy Zones in the state's Central-West, New England and South-West regions.

The Renewable Energy Zones are expected to unlock a significant pipeline of large-scale renewable energy and storage projects, while supporting up to \$23 billion of private sector investment in our regions and up to 2,000 construction jobs each year.

This document answers frequently asked questions about NSW Renewable Energy Zones.

What is a Renewable Energy Zone?

A Renewable Energy Zone (REZ) involves the coordinated development of new grid infrastructure in energy-rich areas, to connect multiple generators (such as solar and wind farms) in the same location.

REZs capitalise on economies of scale, unlocking new energy generation at lower cost. They also provide opportunities for upfront planning and early community engagement and involvement.

REZs were identified by the Australian Energy Market Operator (AEMO) in its 2018 Integrated System Plan as a cost-effective way to replace generation as existing traditional power stations come offline.

The NSW Transmission Infrastructure Strategy (visit energy.nsw.gov.au/renewables/clean-energy-initiatives/transmission-infrastructure-strategy) released in 2018 identified the Central-West, New England and South-West regions as locations for REZs.

An international example of REZs can be found in Texas, where five REZs have supported the construction of 11,500 megawatts of renewable energy capacity.

How will REZs benefit NSW consumers and regional communities?

REZs will play a vital role in delivering reliable and affordable energy supply for energy consumers across the state over coming decades, as existing power stations close.

They will do this by unlocking a significant pipeline of large-scale renewable energy and storage projects. This will provide the bulk supply that NSW needs, while driving down wholesale electricity prices, which will ultimately be passed onto consumers as bill savings.

Energy projects also provide many benefits to local communities through the creation of jobs and rent to landholders, which can drought-proof farms and inject spending into the local economy.

The 3,000 megawatt pilot Central-West REZ will deliver up to \$4.4 billion in private sector investment and is expected to support 450 construction jobs. It will provide enough new generation capacity to power around 1.3 million homes each year.

The government will be undertaking further consultation across regional NSW to ensure the benefits of these energy zones are realised in local communities.

How will the NSW Government deliver REZs and when will they be developed?

Delivering REZs is complex and will take many years. The NSW Government is committed to taking sufficient time to get the process right and engaging closely with the community as part of the process.

With this in mind, the NSW Government has set out a plan to:

- engage with local communities to develop the detailed design of each REZ
- support strategic transmission upgrades to unlock access to the grid
- run an expression of interest process to understand the level of investor interest
- set up a dedicated REZ body that will bring together investors and undertake early planning to maximise benefits for local communities
- change the regulatory settings, where needed, to incentivise generators to cover part of the cost of building new transmission for REZs.

How were the locations for the three priority REZs selected?

The NSW Transmission Infrastructure Strategy, released in 2018, identified the Central-West, New England and South-West regions as priority locations for REZs.

These locations benefit from exceptional energy resources, including wind, solar, bioenergy and hydro, and are relatively close to existing grid infrastructure. They also have reduced environmental, heritage and land-use constraints, with existing investment interest from the private sector.

Importantly, the implementation of the three priority REZs does not stop the development of energy projects in other parts of the state, such as the Hunter Valley, the south-east and the Tablelands, which may already have enough grid capacity to connect new projects.

Why was the Central-West region chosen for the pilot REZ?

The Central-West region benefits from significant existing investment and investor interest, with around 4,500 megawatts of projects either approved or in the planning system, relatively low build costs and a strong mix of energy resources.

How will local business, industry and other stakeholders be involved in the pilot REZ?

The detailed design and implementation of the pilot Central-West REZ will be informed by close consultation with industry, energy market bodies and other interested stakeholders.

This will include approaching the market through an expression of interest process to understand the level of investor interest in the Central-West, and extensive upfront consultation with communities as part of strategic planning for the REZ.

Those who would like to learn more and stay informed can visit the website at energy.nsw.gov.au/renewable-energy-zones, or sign up for the mailing list by sending an email to REZ@planning.nsw.gov.au

What type of generation projects can connect in a REZ?

We anticipate the majority of projects within REZs will be solar, wind and various forms of energy storage, based on the strong investment pipeline for these types of technologies.

The NSW Government takes a technology-neutral approach to new generation investment and is not intending to place restrictions on particular energy technologies connecting within REZs. The market will choose the cheapest form of generation, which right now is wind and solar power.

What opportunities will REZs create for local industries?

The development of REZs will require substantial construction works, including the building of new grid infrastructure and generation projects. The 3,000 megawatt Central-West REZ is expected to support private investment of around \$4.4 billion and 450 construction jobs.

REZs may also create opportunities for co-located energy-intensive industries, such as minerals processing, IT and data centres, agriculture and manufacturing. This will be considered in strategic planning.

Construction works are likely to require considerable subcontracting that may create opportunities for local industries. This could include providing raw materials and some building components.

Given the distributed nature of REZ development, there are likely to be opportunities for local industries across a broad range of regional locations.

How can projects outside the three NSW REZs be supported?

The NSW Government has a range of existing programs and initiatives to support the uptake of modern energy technologies in NSW. These include the:

- \$75 million Emerging Energy Program, which provides grant funding to support innovative large-scale electricity generation and storage projects
- \$30 million Regional Community Energy Program, which supports renewable energy and storage projects owned or led by communities in regional NSW
- Solar for Low Income Household Program, Empowering Homes Program and others. For further information see energysaver.nsw.gov.au/ and energy.nsw.gov.au/renewables/clean-energy-initiatives

The NSW Electricity Strategy builds on these programs and provides a roadmap of how the government will work with the private sector, energy market institutions, households and businesses to deliver the energy infrastructure of the future.

The strategy also establishes a new Energy Security Safeguard, which will expand our existing energy savings certificate scheme and establish a new certificate scheme for technologies that help reduce peak demand.

Will the community and other stakeholders be consulted during the pilot REZ?

This is the start of a long process and communities will be central to the journey. The NSW Government is looking to establish regional community hubs to support and engage with communities.

Local communities and property owners will have a number of opportunities to influence the design and development of REZs.

This will include input into strategic planning to establish the long-term vision and regional growth objectives for each REZ.

All projects proposed within a REZ will be open for public submissions as part of the state-significant development assessment process.

We expect that REZs will be world-leading in terms of community engagement and will share the benefits with local communities.

NSW Farmers, supported by the NSW Government, has developed a Renewable Energy Landholders Guide to help landholders negotiate with energy companies seeking to develop projects on their land. See

nswfarmers.org.au/NSWFA/Content/IndustryPolicy/Resource/Renewable_Energy_Landholder_Guide

How do REZs fit in with the Integrated System Plan and Coordination of Generation and Transmission Investment Review?

REZs are recognised in the Australian Energy Market Operator (AEMO) 2018 Integrated System Plan (ISP). The draft 2020 ISP is expected to be released shortly.

The NSW Government will work closely with the Australian Energy Market Commission and AEMO to ensure the market design for REZs aligns with the broader market reforms under development through the Coordination of Generation and Transmission Investment Review process.

What will the planning and regulatory process be for REZ projects?

Transmission or energy generation projects proposed in REZs must be approved under the state-significant assessment pathways and associated regulatory framework.

Project proponents will be required to prepare a full environmental impact statement, undertake thorough community consultation, and provide detailed justification for environmental and social impacts.

Approval under both NSW and federal planning and environmental legislation is likely to be required if any REZ projects could result in significant environmental impacts, including impacts on national parks.

How can I stay connected?

Input from communities, industry and other interested parties is welcome. To find out more about Renewable Energy Zones:

- visit our website at energy.nsw.gov.au/renewable-energy-zones
- join our mailing list and learn how to get involved by emailing REZ@planning.nsw.gov.au