

Tranche two regulations issues paper: Consultation submission form

This form is to be used to provide feedback on a series of questions included in the [Tranche two regulations to support the Electricity Infrastructure Roadmap Issues Paper \(PDF 800KB\)](#) to help inform the development of the regulations.

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 Issues Paper.

Please make your submission by **5pm on Friday 21 May**.

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.

The NSW Government is committed to an open and transparent process, and 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	<div></div>
Organisation	Tilt Renewables
Author title	<div></div>
Phone	<div></div>
Email	<div></div>
Stakeholder group	<input checked="" type="checkbox"/> Generation or storage infrastructure provider <input type="checkbox"/> Electricity consumer or representative body <input type="checkbox"/> Network infrastructure provider

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	<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.
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Questions

Chapter 4 – Energy Security Target

Question 1: Should the Energy Security Target Monitor define the method to determine the derating factor or should the method be defined in the regulations? If not by the derating factor, how else should the regulations address the probabilistic nature of semi-scheduled generators in the context of the deterministic Energy Security Target?

Tilt Renewables (TLT) suggests that the Energy Security Target Monitor define the method, rather than this being defined in the regulations. TLT considers that more work is required to define how de-rating factors would be calculated in practice, including consideration of the variance in attributes of different projects (e.g. a single “NSW wind” derating factor may discriminate against a particular project which is more likely to generate during the evening peak hours) as well as the consolidated effects of a diverse renewable portfolio. It also remains unclear how hybrid projects (e.g. wind plus battery) would be considered.

There appears to be a risk of making this all too prescriptive in the regulations and causing unforeseen and illogical results that would undermine the intended outcomes.

Question 2: Should the regulations prescribe any other matters for inclusion in the Energy Security Target Monitor’s report? If so, what are they?

TLT suggests that the Government ensure a clear and predictable means of providing updates on the EST and that the use of the derating factor does not distort market signals for the investment in firm capacity.

There may be merit in being clearer in relation to standalone and co-located batteries through a specific framework for assessing the contribution of storage. The framework should recognise the firming capabilities from both large-scale storage and aggregated storage assets.

Chapter 5 – Electricity Infrastructure Investment Safeguard

Question 3: To what extent are the requirements for carrying out competitive tenders of Long Term Energy Service agreements appropriate? Are there any other requirements that should be considered?

TLT would ask that – in general – the Government seek to avoid overly prescriptive approaches within its contracting arrangements, and to remain open minded to alternative strategies for delivering efficient outcomes for consumers and the state.

Over the past decade, the energy market, technologies, the investment environment, corporate and project structures for delivering infrastructure investment have

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	<p>evolved significantly and this evolution will continue over the decade to come. It would be prudent to therefore ensure that the regulations provide ample flexibility to adapt with changing market conditions.</p> <p>The principles for competitive tenders could be further enhanced with the inclusion of a reference to 'supporting investment confidence' and TLT recommends that significant consultation be undertaken on the specific details and structures of Long-Term Energy Service Agreements to ensure that they will be effective instruments in driving the required investment.</p>
<p>Question 4: Do you agree with the matters the Consumer Trustee must take into account when preparing the Infrastructure Investment Objectives Report? Are there any other matters that should be taken into account?</p>	<p>The key matters proposed for inclusion within the report appear to be appropriate.</p> <p>Supporting regulations should aim to maximise the flexibility for the Consumer Trustee to deliver clean, reliable energy in the most efficient way. For example, technology neutral solutions to meet its energy storage and firming objectives that do not discriminate between assets on the basis of duration should be possible. This would allow for flexible, targeted and efficient solutions to meet the needs of the market as they change.</p>
<p>Question 5: In what circumstances should the Consumer Trustee prefer long duration storage over firming infrastructure to meet the reliability standard?</p>	<p>As noted above, there is a lack of clarity regarding how hybrid projects (e.g. wind plus battery) would be considered, which needs to be addressed before the Consumer Trustee makes recommendations.</p> <p>The Consumer Trustee should be afforded maximum flexibility to deliver clean, reliable energy in the most efficient way, based on technology neutral solutions.</p> <p>We would encourage the NSW Government to work with the Clean Energy Council to provide for additional flexibility in the regulations. As noted in the CEC submission, one way could be to create a NSW Roadmap register that allows the same 400MWh storage system to register with 8-hour dispatch capacity (50MW / 400MWh); in parallel to AEMO's central dispatch registration based on total nameplate capacity (200MW / 400MWh) to satisfy Part 5; Clause 36 (1)(b)(i) in the Act.</p>
<p>Chapter 6 – Classification of REZ network infrastructure</p>	
<p>Question 6: Are there any other considerations that should be taken into account in classifying REZ network infrastructure in regulations, including the need for, and scope of, sub-classifications?</p>	<p>TLT generally supports the approach to outlining the classification of Renewable Energy Zone (REZ) infrastructure, however implores that simplicity be maintained, noting that much of the transmission infrastructure in NSW outside of densely populated areas could potentially end up being classified as part of a REZ. In that context the classifications should reflect the NER as much as possible to provide clarity and avoid unnecessary complexity for generators, investors, and network operators. Further, TLT suggests that any economic regulation should align with</p>

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	existing NEM arrangements, for example having the primary network service provider responsible for the necessary augmentations.
Question 7: What types of network infrastructure could be subject to economic regulation under Part 5 of the EII Act?	TLT recommends that the compliance mechanisms within the EII Act align with existing national frameworks, i.e., for the network provider of the REZ shared network, any economic regulation should align with existing arrangements.

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>	Click or tap here to enter text.
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Confidentiality and submission publication preferences

Please indicate your publication preferences.

Would you like all or part of your submission to be confidential? If so, please identify the part(s) in your submission	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
For confidential submissions: Some confidential submissions may be shared with the Australian Energy Market Operator, Australian Energy Market Commission, Australian Energy Regulator, the Energy Security Board, TransGrid, the Clean Energy Finance Corporation, Australian Renewable Energy Agency, Essential Energy, Endeavour Energy and/or Ausgrid to better understand and respond to issues raised. Would you like your submission to be kept confidential from these parties?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If your submission is published, only your name and organisation would be published. Would you like your submission to be anonymous and these personal details redacted?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
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- The Australian Energy Market Operator, Energy Security Board, Australian Energy Market Commission, Australian Energy Regulator, or the Australian Competition & Consumer Commission
- TransGrid, the Clean Energy Finance Corporation or the Australian Renewable Energy Agency or distribution network service providers
- 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.

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