

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	Matthew Parton
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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

	<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?

Neoen's view is that the derating factors set out as "the first option" on page 11 of the *Tranche two regulations to support the Electricity Infrastructure Roadmap* are appropriate and give a clear approach to how semi-scheduled and scheduled generators will be considered in assessing firm capacity, and whether it is able to adequately meet maximum demand.

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

Neoen considers the list set out in the issues paper as adequate.

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?

Neoen's view is that a new dot point should be added:

- *To meet all objectives of section 44 of the EII Act in a way that minimises total electricity costs for NSW consumers.*

Neoen considers this to be important as the EII Act section 44 only talks about 'minimising electricity costs' as it relates to generation infrastructure where Neoen's view is that minimising electricity costs should also be considered as central when designing tenders and entering into LTESAs for long-duration storage infrastructure and firming infrastructure as well.

Question 4: Do you agree with the matters the Consumer Trustee must take into account when preparing the Infrastructure Investment Objectives Report?

Neoen considers that the Consumer Trustee should consider the following additional matters:

- **the effectiveness of delivering both long-duration storage and firming from the same facility, and under the same LTESA.**

<p>Are there any other matters that should be taken into account?</p>	<p>Please see Neoen's answer to Question 5 below for a complete explanation of this point.</p> <ul style="list-style-type: none"> <p>How emerging trends are impacting on the objectives of the EII Act, and the most effective ways for LTESAs to respond.</p> <p>An example of such an emerging trend is with respect to rooftop solar creating low or negative demand, and extreme ramp rates. The Consumer Trustee should not be prevented from reporting on, nor designing an LTESA that helps to solve this, or other, emerging issues.</p> <p>The effectiveness of coordinating non-network options with transmission solutions regulated under the EII Act.</p> <p>An example of this is a battery system providing a System Integrity Protection Scheme (SIPS) in support of a REZ delivered under the EII Act. A SIPS battery can either reduce the cost of delivering a REZ or reduce the cost to customers from an existing REZ by allowing more generation to flow through the REZ transmission infrastructure and back to demand centres. This is the service Neoen is providing from its Victorian Big Battery at Geelong. Neoen proposes that the Consumer Trustee should be free to consider these kinds of non-network projects in setting out its overall plan for future years and then to tender for these services. In coordinating transmission and non-network services provided under LTESAs, the Consumer Trustee may unlock customer benefits not possible when considering them separately.</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>The Consumer Trustee should always consider solutions that will deliver against the reliability and Energy Security Target objectives as cost-effectively as possible. Where firming meets this objective, it should be considered ahead of long-term storage and vice-versa.</p> <p>It should be noted that energy storage solutions, regardless of technology, always provide a level of storage that satisfy the definitions of both firming and long-duration storage and should be valued as both.</p>

	<p>Consider for example a pumped hydro facility and battery facility with capacities of 100MW and 8 hours of storage and 100MW and 2 hours of storage.</p> <p>In terms of section 44(3)(b) of the EII Act these could each be deemed as contributing:</p> <ul style="list-style-type: none"> - Pumped Hydro: 100MW of 8+ hours long-duration storage, and - Battery: 25MW of 8+ hours long-duration storage. <p>Both facilities will also deliver 100MW of firming in achieving the Energy Security Target.</p> <p>As a result, it is Neoen's strong view that the objective of meeting the reliability and Energy Security Targets can be met most cost-effectively by contracting for long-duration storage and firming together. The alternative of considering firming and long-duration storage separately will result in significant over-build and additional costs for consumers.</p>
Chapter 6 – Classification of REZ network infrastructure	
<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>Neoen encourages DPIE to consider the benefits that can be delivered by a System Integrity Protection Scheme (SIPS) when designing REZ infrastructure regulations.</p> <p>In Neoen's view a SIPS battery can be best delivered by designing the Regulated REZ network infrastructure with such a facility in mind, and then having the Consumer Trustee tender for SIPS supply under a LTESA to support the Regulated REZ network. This will allow the Consumer Trustee to procure the lowest cost SIPS service.</p> <p>Running such a tender would rely on the Consumer Trustee deciding that such a SIPS facility, in coordination with the REZ roll-out, is a cost-effective and robust solution, as compared with over-building the Regulated REZ network.</p> <p>Neoen would welcome an opportunity to present further on the market benefits of such a SIPS facility.</p>
<p>Question 7: What types of network infrastructure could be subject to economic regulation under Part 5 of the EII Act?</p>	<p>Neoen does not have a position on this topic</p>

Supporting information

If you have additional information you would like to provide to support your views, please provide it here.

If you have additional documents to provide to support your views, please email it with your submission.

Click or tap here to enter text.

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
<p>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.</p> <p>Would you like your submission to be kept confidential from these parties?</p>	<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 type="checkbox"/> Yes <input checked="" type="checkbox"/> No
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