



Policy statement on the NSW electricity system following the closure of the Liddell Power Station in April 2023

A joint statement from the Commonwealth and NSW Governments

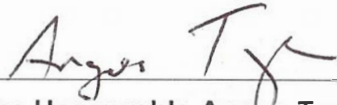
1. On 31 January 2020, the Hon Scott Morrison MP, Prime Minister of Australia, and the Hon Gladys Berejiklian MP, Premier of New South Wales, signed a Memorandum of Understanding (MoU) on Energy and Emissions Reduction.
2. Since the MoU was signed, the Liddell Taskforce has finalised its report and the Governments have announced new energy and emissions policies.
3. The Commonwealth Government has also set an investment target for the private sector to reach final investment decision, by the end of April 2021, on 1000 MW of dispatchable capacity in NSW to be available in time for summer 2023-24. This will provide further support to lower prices and increase reliability.
4. If the private sector does not commit to sufficient capacity to meet the target by the end of April 2021, the Commonwealth will act to ensure new replacement capacity is built.
5. The NSW Government has supported the following to improve reliability and affordability:
 - a. the 50MW to be provided by TransGrid's Wallgrove Grid Battery as part of the NSW Government's Emerging Energy Program
 - b. the 30MW to be provided by CWP's Sapphire Battery Energy Storage System as part of the NSW Government's Emerging Energy Program
 - c. the 50MW to be provided by UPC/AC's New England Solar Farm Battery as part of NSW Government's Emerging Energy Program.
6. The NSW Government has also released the NSW Electricity Infrastructure Roadmap (the Roadmap) to coordinate private investment in generation and network infrastructure to meet the State's Energy Security Target and ensure reliable, affordable and clean energy for NSW. The Roadmap will also enable NSW to meet the objectives of its Net Zero Plan and create new economic opportunities. The NSW Parliament has passed the *Electricity Infrastructure Investment Act 2020* (NSW) to provide the legislative framework for the Roadmap.
7. The purpose of this Policy Statement is to set out how the Governments intend to co-operatively respond to these developments and support the implementation of these policies.

Actions

8. The Commonwealth Government will work collaboratively with the NSW Government and support the implementation of the NSW Electricity Infrastructure Roadmap as legislated by the *Electricity Infrastructure Investment Act*, recognising the critical need to have enough dispatchable capacity in the NSW grid. This includes the Commonwealth:
 - a. agreeing in principle that the NSW Government can appoint the Australian Energy Regulator (AER) as regulator under the *Electricity Infrastructure Investment Act*, with the AER to perform that function pursuant to section 44AI of the *Competition and Consumer Act 2010* (Cth)

- b. supporting the NSW Government appointing a company, whose founding member is the Australian Energy Market Operator, as the Consumer Trustee under the *Electricity Infrastructure Investment Act*
 - c. making \$15 million available for hydrogen infrastructure projects in NSW to assist gas generators to become hydrogen ready, including funding of \$5 million for the hydrogen component of the Tallawarra B gas / hydrogen turbine project referred to below. This funding will be included in the agreed funding amount in clause 9 of Schedule E to the MoU and follow the approach detailed in clause 13 of Schedule E to the MoU.
9. The NSW Government will work collaboratively with the Commonwealth Government and support the implementation of the 1000 MW target. This includes the NSW Government providing a capital grant of up to \$78 million to support EnergyAustralia to deliver the 300MW Tallawarra B gas / hydrogen turbine project by 1 December 2023.

Signatures



The Honourable Angus Taylor MP

Minister for Energy and Emissions
Reduction

30/7/21

Date



The Honourable Matt Kean MP

Minister for Energy and Environment

30.4.21

Date