

Question related to the guiding principles

Question 1: Do you agree with the proposed guiding principles? Are there additional principles that should be considered?

No. The Consumer Interest principle should be expanded to include a broad economic benefit principle. It could be:

Community and Consumer Interests

- Deliver the broadest possible economic benefits for NSW electricity consumers through the delivery of network infrastructure projects

Questions related to classification of REZ network infrastructure

Question 2: What are your views on the proposed approach to defining classes of network infrastructure?

The classes outlined appear to be adequate. Nothing further to add.

Question 3: Are there any risks to the effective delivery of a REZ if the necessary system strength services are not included as a class of network asset under the EII Act?

Yes – this has been a feature of the existing system where the absence of clear system strength service requirements including what is required and who is responsible for it, has become an impediment to either connection of new renewables or have led to prolonged curtailment.

Question related to the funding and financing of preparatory activities and development works

Question 4: Does the proposed method appropriately balance the transparency of costs recovered through the Scheme Financial Vehicle against the certainty needed to conduct preparatory activities and development works to deliver timely REZs?

Broadly yes, but there is a serious risk to performing transmission expansion and augmentation through a privatised outsourcing model. The network service provider should be the project planner as they need to control the overall network security and will plan for works with the interests of the overall system in mind. A fragmented contracting out model will create duplication and will almost certainly lead to problems at the time of connection.

Further, the fragmented contracting out model will reduce the broad economic opportunities presented by these projects with each developer seeking to maximise their own return rather than build the scale required for proper training and employment pathways within the industry.

Questions related to network infrastructure project authorisation

Question 5: What information relating to network options do LTES Agreement and access rights tender participants require to provide sufficient certainty and confidence to participate in the bid processes?

Again, there is a real question as to the benefits vs. risks of promoting a fragmented contracting out model. Tender participants should be required to uphold all of the regulatory requirements as the existing NSP's with regard to safety, security and wages and conditions.

Question 6: What eligibility criteria should apply for Network Operators that may be authorised to carry out a REZ network infrastructure project?

Proponents should be required to adhere to strict procurement guidelines which generation maximum economic benefit from projects. Proponents should be required to submit industry participation plans and to provide regular reporting.

These should be in line with the tender design model recommended by the RESB and ultimately approved by the Minister and Consumer Trustee.

In addition the Planner should not approve a new Network Operator to augment an existing Network Operators assets.

Question 7: What factors should be considered by the Consumer Trustee in recommending that the Minister direct, and by the Minister in directing, a Network Operator to carry out a REZ network infrastructure project under the EII Act?

The opportunity of grouping or sequencing works with a single Network Operator in order to achieve scale and to maximise supply chain and employment opportunities along with skills development.

Questions related to the Transmission Efficiency Test and the Regulator's determination

Question 8: How can consumer and stakeholder input be considered in the TET and revenue determination processes?

A serious deficiency with current AER Regulatory Determinations is the absence of any requirement to consider the impacts of decisions on the workforce. The requirement to consider the impacts on workers along with a requirement to consult with workers and their Unions during the determination will be critical to achieving the best outcomes.

Question 9: Is clarification required with regard to the principles to be taken into account by the Regulator and the objects of the Act, and are there any additional principles that should be considered by the Regulator?

The principles must explicitly include the need for the Regulator to balance the best interests of consumers against the interests of workers and the broader economic benefits that can be realised through these projects. Driving a least cost approach will not deliver apprenticeships, opportunities for First Nations or enhance local supply chain opportunities.

Question 10: What views do you have on these elements and is there any other guidance that should be included in the TET guidelines to be developed by the Regulator?

The TET Guidelines should include some high level principles with regard to assessing against a broad economic benefit test.

A major failing of the Regulatory Determination processes under the AER is that when a proponent puts forward a proposal for determination and it is ultimately approved, there is limited oversight and no requirement for the proponent to in fact do what they said they would do.

A robust monitoring, compliance and enforcement mechanism needs to be included with the guidelines.

Question 11: Should financeability concerns be addressed in the NSW framework?

Yes. Additionally, the financeability risks associated with climate change risks and network transition risks need to be addressed.

Question 12: What views do you have on these elements and is there any other guidance that should be included in the guidelines regarding the revenue determination to be developed by the Regulator?

An additional element should be how the regulator will ensure stakeholders can participate equally in the determination consultation processes, particularly not for profit organisations, Unions and community groups.

Question 13: Are there any elements of the AER's approach to assessing and setting regulated revenue requirements that should be modified or added to when considering the framework that will be applied under the EII Act in New South Wales?

As per our answer to Q.11

Question 14: What do you think about an incentive scheme to ensure the availability of projects and the timely connection of generators to a REZ by Network Operators? How could that be designed?

Any incentive scheme must be carefully assessed to ensure there are not unintended consequences and that they don't introduce inefficiencies or create unsafe practices. Incentive schemes must be prevented from applying to Executive Bonus arrangements.

Incentive schemes should be carefully assessed, with inputs from workers before being approved.

Questions related to reviewing a revenue determination

Question 15: Do you agree there should be limited circumstances under which the Consumer Trustee directs the Regulator to review and remake a revenue determination outside of the five yearly cycle?

Yes they should be limited with clear and transparent parameters before a review can be triggered.

Question 16: Do you agree with the proposed circumstances under which the Regulator may adjust a revenue determination during the five-yearly cycle?

A review is likely to be necessary due to a range of factors:

- That the Regulator is issuing determinations that are not being made correctly;
- That the views of consumers, workers, businesses and other stakeholders is not being appropriately considered when determinations are made;
- That there are gaps in the regulatory framework;
- That the framework inherently encourages litigation; and
- That the network businesses are resourced enough to seek review as part of a 'business as usual' model.

Reviews are necessary but these risks should be appropriately factored into the final framework.

Question 17: Is there a need to clarify the process for transitioning of assets between the NSW and national frameworks?

There is a serious risk of consumers being burdened with unnecessary corporate and financial costs, NSP's facing regulatory overlap and workers being impacted by the different application of the State

and National schemes. These issues need to be explored further in order to avoid unnecessary costs, duplication, administrative burden and uncertainty.

Question 18: Is there a need to clarify the circumstances under which a transfer of network infrastructure from a Network Operator to another person may occur under the EII Act?

This should be clarified and only allowed in the narrowest of circumstances. The transfer of assets may have a significant impact on both the workforce and the community which currently hosts the associated workforce and workplaces associated with the work. Transferral of assets must include clear rules on the transfer of workers that would be associated with these kinds of changes.

As a first principle, transfer should generally only occur from a standalone Network Operator for a REZ project to the main parent Network Operator of the State and include worker transfer arrangements.