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Wednesday, 27 October 2021

James Hay
Deputy Secretary
Energy Climate Change and Science
NSW Department of Planning, Industry and Environment

Lodged by email: electricity.roadmap@dpie.nsw.gov.au

Dear James

Submission to the Electricity Infrastructure Roadmap Safeguard and Fund policy papers

We welcome the opportunity to respond to the NSW Government's policy papers on the Electricity Infrastructure Investment Safeguard (Infrastructure Safeguard) and the Electricity Infrastructure Fund (Infrastructure Fund) being developed as part of the NSW Government's Electricity Infrastructure Roadmap (Roadmap).

We support the NSW Government's Energy Roadmap, which will provide a reliable and affordable electricity supply for consumers as coal fired generation exits the energy system. As the jurisdictional transmission planner and operator for NSW and the ACT for over 40 years, Transgrid is well placed to build the new transmission infrastructure required under the Roadmap.

This submission sets out our views on issues relevant to our experience and expertise.

Infrastructure Safeguard

The Infrastructure Safeguard is the primary mechanism in the Roadmap to support investment in generation, long duration storage and firming infrastructure. We provide the following comments on the NSW Government's policy paper:

- We support the principles that the NSW Government proposes to use when it develops positions relating to the Infrastructure Safeguard. Our view is that there may be scope for an additional principle around reliability and efficient outcomes for consumers.
- We also support the NSW Government's intent for transparency and closely linking the Infrastructure Investment Objective Plan and 10 Year Tender Plan under the Safeguard to AEMO's national planning processes. The Transmission Annual Planning Report for NSW and the ACT that Transgrid prepares as jurisdictional planner should also be an input into the process.
- Our views on Long Term Energy Service Agreements (LTESA) under the Infrastructure Safeguard are outlined in our recent submission on the NSW Government's design paper for the LTESAs. At a high level, we support the financial incentives for generation, storage and firming provided through the LTESAs to enable and drive investment in the NSW Government's renewable energy zones under the

Roadmap, subject to key principles being met. In addition, it is our view that the design of the LTESAs need to provide for the situation where a party owns and builds storage or firming infrastructure and sells the capacity or services provided by the asset to a third party.

- We also support the NSW Government's proposals to put in place measures to provide transparency and accountability in decision-making by the Consumer Trustee.

Infrastructure Fund

The purpose of the Infrastructure Fund is to manage costs associated with network investment, the LTESAs and administration of the Roadmap by the Consumer Trustee, Regulator and other parties established under the Act. Our comments on the NSW Government's Infrastructure Fund policy paper are as follows:

- We support the proposal in the policy paper for distribution businesses to retain the flexibility to assign contribution allocations across customer classes under the current National Electricity Rules provisions. This process under the National Electricity Rules is well established and has been developed over time.
- It is important that the needs of consumers are put front and centre when deciding how to communicate the costs and benefits of the Roadmap. The costs, but more importantly the benefits in lowering energy prices over the long term, of the Roadmap infrastructure may not be easily understood by consumers and it will be critical that they are communicated in a way that does not reduce support for the important investment required.
- We note that, under the national framework, the Australian Energy Regulator is required to develop and publish the first "Better Bills Guideline" by 1 April 2022. This guideline will set out mandatory billing guidelines including information relating to costs and revenues. With this in mind, our view is that the NSW Government should align any requirements relating to consumer billing information with the outcomes of the national process being undertaken. It is important that any information provided to consumers is not misrepresented.
- We support a shift to clean energy as being the best outcome for consumers and the environment. We recognise that Governments (usually through the tax and welfare system) may need to provide mechanisms to allow for a smooth transition. However, we would caution against providing exemptions that could have unintended consequences, such as keeping carbon intensive generation in the system. Our recently published Energy Vision demonstrates that the system can safely and reliably transition to renewable energy much more quickly than has previously been anticipated.

We appreciate the opportunity to comment on the NSW Government's policy papers. If you would like to discuss this submission, please contact me.

Yours sincerely

Eva Hanly

Executive Manager, Strategy Innovation and Technology