

Office of Energy and Climate Change

# Electricity Supply and Reliability Check Up

NSW Government response

September 2023

## Acknowledgment of Country

We acknowledge that Aboriginal and Torres Strait Islander peoples are the First Peoples and Traditional Custodians of Australia, and the oldest continuing culture in human history.

We pay respect to Elders past and present and commit to respecting the lands we walk on, and the communities we walk with.

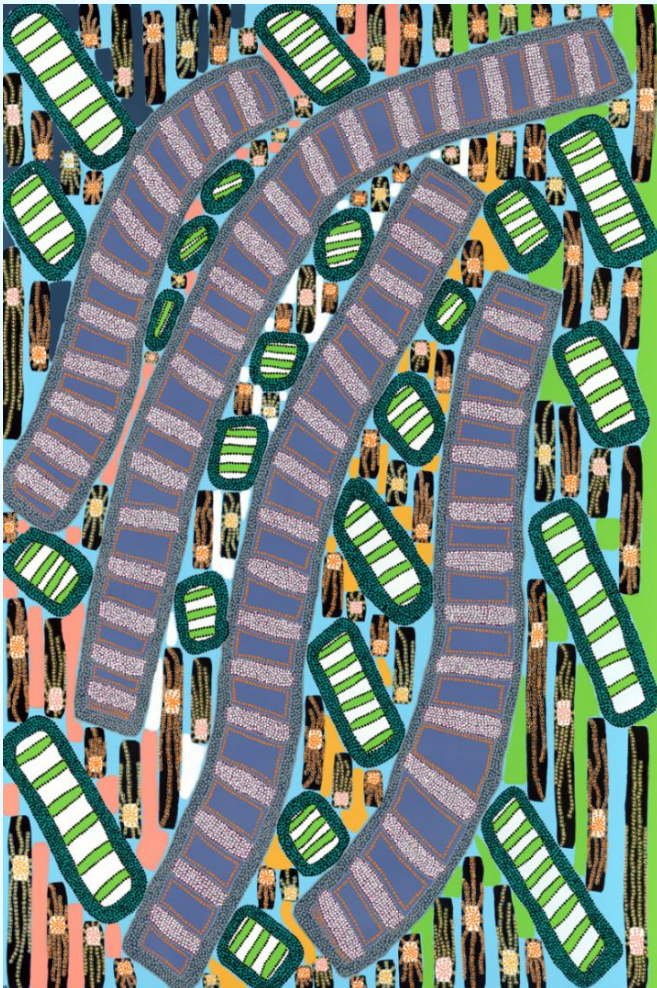
We celebrate the deep and enduring connection of Aboriginal and Torres Strait Islander peoples to Country and acknowledge their continuing custodianship of the land, seas and sky.

We acknowledge the ongoing stewardship of Aboriginal and Torres Strait Islander peoples, and the important contribution they make to our communities and economies.

We reflect on the continuing impact of government policies and practices, and recognise our responsibility to work together with and for Aboriginal and Torres Strait Islander peoples, families and communities, towards improved economic, social and cultural outcomes.

Artwork:

*Regeneration* by Josie Rose



## Contents

1	Purpose of this document.....	4
2	NSW Government response.....	5
3	Response to individual recommendations .....	9

# Minister's Foreword

The NSW Government is committed to transitioning our electricity system to meet our emissions reduction targets of 50% by 2030 and net zero by 2050, and seizing the opportunities that this will bring for the economy and communities across NSW.

The transition in NSW must occur faster than anywhere else in Australia. Our existing coal-fired power generators will reach the end of their lives sooner than elsewhere and need to be replaced to ensure an ongoing reliable supply of affordable, renewable electricity generation backed by firming, storage and transmission.

This is made more difficult by the privatised electricity system the Government inherited.

I acknowledge the former Government for enacting the Electricity Infrastructure Roadmap (Roadmap) in late 2020, which it did with bipartisan support. It is an ambitious plan to secure private investment in 12 gigawatts of new renewable energy generation and 2 gigawatts of long-duration storage by 2030, and coordinate five new Renewable Energy Zones (REZs) across the state.

Our focus now is on ensuring that plan is delivered.

In light of the Check Up's findings and recommendations, the NSW Government will take action in three key areas.

Firstly, delivery of the Roadmap will become a strategic priority of the NSW Government. This will bring with it a whole of government effort to make sure that as coal-fired power retires, NSW households and businesses have enough renewable energy, transmission and storage to replace it as quickly as possible. That includes working across government and with communities on issues like transport, housing, skills and workforce development to ensure communities are able to share in the benefits of the transition.

Secondly, the NSW Government, through its Energy Security Target Monitor, will more actively scrutinise the plans of NSW's remaining private coal-fired power stations as they approach retirement. The next power station scheduled to retire is Eraring. NSW will engage Origin to better clarify their plans. We will continue to examine all options including the alternatives for accelerating renewable energy generation, transmission and storage.

Finally, the NSW Government will streamline renewables approvals in the planning system as well as enhance and coordinate community benefit sharing. We will unlock opportunities to connect new renewables to the existing grid outside of the REZs. And we will develop a strategy to unleash the potential of households and businesses to further embrace small-scale renewables like solar in the short-term, without shifting focus and momentum from the delivery of large-scale projects.

I thank Cameron O'Reilly and his team from Marsden Jacob Associates for conducting this Check Up. Thanks to those who provided input. The Check Up is a clear-sighted assessment that tells us where we are, how we got here and what we need to do to crack on with the energy transition in NSW.

The Hon. Penny Sharpe MLC  
Minister for Climate Change  
Minister for Energy

# 1 Purpose of this document

On 25 May 2023, the NSW Government announced it had commissioned a team from Marsden Jacob Associates, led by Cameron O'Reilly, for an Electricity Supply and Reliability Check Up.

The Check Up was a short, sharp exercise to identify any additional steps that NSW needs to take to deliver the Roadmap to ensure a reliable supply of clean, affordable energy. It was necessary given global competition for investment has intensified, supply chain constraints and skills shortages have become more acute, and some regulatory, planning and community issues have become apparent.

The focus of the Check Up is not on what has happened in the past, but rather on what NSW must do next.

The independent Check Up's Terms of Reference were to:

- review the existing information, resources, known developments and structures rather than commission any new work or analysis
- consider the current overall policy and program approach to delivering a timely and cost effective electricity sector transition, given the main developments that have occurred since the Electricity Infrastructure Investment Act 2020 was passed
- comment on any residual risks for NSW (for reliability and price) should the Eraring Power Station close in 2025 and the potential additional controls available to mitigate them
- in undertaking the above, have regard to opportunities for the NSW Government to enhance local community support, workforce readiness and supply chain improvements.

All tenders under the EII Act and energy rebates for households and businesses were out of scope.

In the meantime, the implementation of the Roadmap and NSW's other energy policies has continued at pace.

On 4 August 2023, Mr O'Reilly submitted the Check Up report to the NSW Government. The report sets out findings across three themes and makes 54 recommendations to the NSW Government.

This document is the NSW Government's response to these findings and recommendations. Section 2 sets out a summary of the Government's response. Section 3 responds to each of the Check Up's recommendations.

## 2 NSW Government response

The recommendations from the Electricity Supply and Reliability Check Up are practical steps to help keep the NSW electricity system transition on track.

---

### 2.1 Findings on policy and programs to deliver a timely and cost-effective electricity system transition

The NSW Government accepts the Check Up's findings that, despite significant progress in delivering the Electricity Infrastructure Roadmap, there is a need to improve prioritisation, whole of Government effort and governance frameworks to accelerate its delivery.

#### **NSW needs a more active and focussed Energy Security Target Monitor to prioritise the interests of NSW electricity consumers**

The Check Up raises some important issues with the Australian Energy Market Operator (AEMO) acting as the NSW Energy Security Target Monitor with its other responsibilities to the National Electricity Market. AEMO has provided high quality analysis of the NSW Energy Security Target and is well placed to continue this work. AEMO is yet to use Energy Security Target Monitor information collection powers to test its understanding of generation exit and entry under the National Electricity Rules.

The NSW Government will appoint the new NSW Department of Climate Change, Energy, the Environment and Water as Energy Security Target Monitor to focus on monitoring the exit of generation capacity from the NSW market. This will ensure transparency from those private operators seeking to exit. The new Energy Security Target Monitor will continue to work with AEMO to provide the quantitative analysis of the Energy Security Target.

#### **Portfolios across government must support the electricity system transition**

The NSW Government will formally make the electricity system transition a strategic whole-of-government priority. This is critical to NSW achieving net zero emissions by 2050, maintaining a reliable energy supply and keeping energy bills affordable for NSW households and businesses.

It is too important to be left to the energy and climate change portfolios alone. This transition is a major infrastructure program that will stretch almost all portfolios across government. An intergovernmental steering committee – including the Planning, Housing and Transport portfolios – will report on each portfolio's progress and contribution to the NSW Secretaries Board and the Strategy Committee of Cabinet every quarter.

#### **EnergyCo must evolve to deliver the infrastructure NSW needs**

EnergyCo must be a delivery-focussed organisation. It is primarily responsible for designing, planning and procuring network infrastructure to coordinate REZ generation and storage investment in a way that fosters support from local communities.

There have been early successes, particularly EnergyCo's procurement of the Waratah Super Battery, which at the time was the world's largest battery. EnergyCo is also actively engaging host communities across the state and has developed benefit sharing programs that other states have now adopted.

Despite this success, the Check Up makes clear change is needed going forward, given the scale of the task. EnergyCo will continue to lead the delivery of the REZs, but its structure, based on 1980s legislation, is not fit for purpose. The NSW Government will move quickly to ensure EnergyCo has an appropriate focus, along with the governance and financial arrangements for an infrastructure

planning, coordination and delivery agency, including a clear mandate from the Minister and an accountable governing board.

In the interim, EnergyCo will prioritise its procurement work program to achieve financial close for the Central-West Orana REZ in 2024, oversee delivery of the Waratah Super Battery, and procure the Hunter Transmission Project. EnergyCo will also continue its infrastructure planning, community and industry engagement and access scheme development for the New England, Hunter-Central Coast, South-West and Illawarra REZs.

Treasury and Infrastructure NSW will work with EnergyCo to ensure, as a delivery agency, it has the appropriate assurance, risk and financial management procedures in place to support the next procurement stages on New England and Hunter Central Coast REZ network projects. This will be a targeted process building on the significant work already undertaken by EnergyCo to develop its planned delivery strategy.

## **The Department must lead on policy and coordinate across government**

As EnergyCo focuses on infrastructure and project planning and delivery, the Energy, Climate Change & Sustainability Group within the Office of Energy and Climate Change – which will be part of the new Department of Climate Change, Energy, the Environment and Water (the Department) – will prioritise its responsibility for the overarching governance forums and the mechanisms under the Roadmap to enable the transition of the electricity system. This includes Roadmap programs broader than the REZ infrastructure projects, and the enabling policies and programs like pumped hydro recoverable grants, long duration storage policy, offshore wind policy and policy reforms to enable more generation and storage projects to connect to existing networks outside the REZs.

This also includes working on behalf of the Minister to set the Government’s expectations for, as well as supporting and enabling, Roadmap delivery agencies, particularly EnergyCo and AEMO Services Limited.

## **AEMO Services Limited must continuously improve and adapt its processes**

The NSW Government endorses the Check Up findings that AEMO Services Limited has gained important experience in running generation and long duration storage tenders and it would be unwise to make any significant changes at this stage. Instead AEMO Services Limited should be left to continuously improve its processes and products with industry, community and consumer representatives.

The Act gives important roles for both EnergyCo and AEMO Services Limited in REZ network infrastructure. Both delivery agencies have a role in access rights and fees, recommending and authorising network projects for cost recovery and sequencing REZ network infrastructure projects with generation tenders. The NSW Government will clarify the role of each delivery agency in these processes.

---

## **2.2 Findings on residual risks for reliability and price should Eraring Power Station close in 2025**

The NSW Government’s key responsibility is to keep the lights on as the NSW energy system transitions. The Check Up makes findings on potential measures to manage reliability and affordability risks to NSW electricity consumers in the medium term.

### **The public has an interest in the timing of power station closures**

Eraring power station is the next major generator in NSW scheduled to close. In February 2022, Origin Energy, notified AEMO it intended to close Eraring “no sooner than” August 2025. This notice gives Origin Energy the option to close Eraring in August 2025, but does not require it to do so.

Since February 2022, the electricity market context has changed, with significantly higher global commodity prices and later delivery dates for a host of other major electricity infrastructure projects. The Check Up makes clear that Origin Energy has a strong commercial interest to defer

the closure of Eraring. Eraring is a profitable asset and has a decade left of its technical life. Origin Energy has a very large existing retail customer base it cannot yet supply without Eraring.

It is also clear that the interests of NSW and Origin Energy are aligned in key respects: meeting emissions reduction targets by 2030, shielding NSW customers from volatile global energy prices, and accelerating private investment in new renewables, storage and network infrastructure.

Despite a concerted effort from the previous and current NSW Government, AEMO's latest advice indicates consumers face reliability risks should new network and firming infrastructure not arrive on time. A decision by Origin to temporarily extend its timeline for phasing out Eraring could provide NSW with a buffer to manage these risks. However, this is only one solution and the NSW Government has other options to mitigate these risks if required.

Appreciating that NSW has a privatised energy market, the NSW Government will engage with Origin Energy to clarify its plans for Eraring. The Government will also enhance our energy security monitoring and accelerate delivery of new firming infrastructure before the end of 2025 in partnership with the Commonwealth's Capacity Investment Scheme.

The timing of private sector power station closures will continue to be an issue NSW must face as other power stations reach the end of their technical lives. The Check Up endorses the work NSW is currently leading with Energy Ministers in other jurisdictions on an orderly exit management framework. NSW will progress a proposed consultation package for Energy Ministers to consider by the end of 2023, as well as progressing a NSW-specific responsible exit policy.

## **Optimising the use of existing networks and consumer-led investment can help electricity supply while REZ network projects are developed**

Closing power stations need to be replaced by new renewable generation and storage enabled by new network infrastructure. The NSW Government accepts that accelerating REZ network projects requires maintaining the community's support to avoid delays which may impact the cost of these projects for consumers.

The NSW Government acknowledges the findings there are areas of untapped potential. The NSW Government will prioritise the development of a new Consumer Energy Strategy to harness community action. This strategy will further enable and better integrate the technologies supplied and purchased by households and businesses into the supply mix. Small and medium scale solar and batteries, electric vehicle charging and smart appliances are essential to maintaining a reliable and affordable electricity supply and the NSW community is ready to accelerate its investment in these solutions.

The NSW Government will also work with the existing network businesses to unlock available capacity in the network, including outside the REZs. The aim is to get more wind, solar and storage connected in the short to medium term so that NSW consumers can benefit from cheaper and cleaner electricity as the larger-scale network projects are developed.

## **Policy reform may be required to deliver the long duration storage NSW needs and to ensure firming generators have fuel when they need it**

As the Check Up finds, NSW needs long duration storage and this may need to come from a more diverse technology mix than envisaged by the former NSW Government in 2020 when the Roadmap was released. The Roadmap legislation provides for this diversity but the existing approaches to its development may need adjustment to provide for the most cost effective technology mix.

The progress on pumped hydro in NSW has been slower than anticipated. The private sector is investing in feasibility and planning for projects across NSW but the NSW Government accepts that more may need to be done if these projects are to be constructed.

The NSW Government notes the Check Up's reminder that gas peaking plants are also important for NSW electricity reliability. Gas peaking has an important part to play in firming a renewables dominated electricity supply in NSW. NSW has a number of gas peaking power stations in operation or under construction. It is important that these power stations have access to gas when they need to operate to meet high customer demand. In the longer term, renewable gas may be an important



way to meet decarbonisation targets while maintaining the benefits of gas generation technology and supporting circular economy objectives.

---

## 2.3 Findings on opportunities to enhance community support, workforce and supply chains

The Check Up finds there is more to do to foster and maintain the community support to host new electricity infrastructure and for the electricity system's transition.

### **Government, industry and consumer advocates have a critical role to improve the wider community's awareness of the energy transition**

The Check Up finds that general community support for the energy transition is vital, but that awareness and understanding of the need for and importance of the energy transition is low. The NSW Government will improve the provision of accessible information about the Roadmap, including why it is needed, its benefits and who pays. The NSW Government will also work with network businesses and the regulator to see if cost recovery processes could be improved.

### **Communities that host electricity infrastructure need genuine engagement and to share in the benefits of the energy transition**

EnergyCo will coordinate benefit sharing and community engagement activities with industry and the planning system to ensure local communities, including First Nations communities, have a say and share in the benefits of investment in their regions. EnergyCo will strengthen profile in the regions, with a greater local presence in the New England and Hunter regions as an immediate priority.

The Department of Planning and Environment will release benefit sharing guidelines to ensure local communities in and outside REZs share in the benefits of infrastructure investments in their regions. This will supplement REZ specific benefit sharing programs administered by EnergyCo.

There is a need to enhance the planning regime for renewable energy projects through greater consistency, clearer guidelines, better resourcing for assessments and streamlined processes for critical projects.

With the designation of the Roadmap as a Strategic Priority, agencies will work across government to deliver the Roadmap and the energy transition. The NSW Government will address housing, transport and other constraints in REZs.

### **Local workforce and supply chains**

The Check Up finds that local employment and business opportunities can foster community support. The NSW Government will ensure there is a strong local workforce amongst its delivery agencies and continue the work of the Jobs Advocate and Renewable Energy Sector Board. This will require industry to invest in local workforce and supply chain development and help keep more of the funds invested in new infrastructure in local communities.

### 3 Response to individual recommendations

Table 1: Recommendations from the Check Up report and NSW Government response

No.	Recommendation	NSW Government response	Lead agency
1.	That successful implementation of the Roadmap be added to the list of Premier’s priorities for the state of NSW.	Accept. Roadmap implementation will be designated as a strategic priority of the Government.	The Cabinet Office
2.	The current Electricity Infrastructure Roadmap Intergovernmental Steering Committee (Roadmap Steer Co) be confirmed as having responsibility for coordinating whole-of-government implementation responsibility for the Roadmap. The Steer Co should include representatives of critical agencies like Planning, Education, Transport, Treasury, Housing and Regional Development as well as the Roadmap entities. The Committee should provide quarterly status reports to the NSW Secretaries Board, to further support whole-of-Government focus on the Roadmap.	Accept. The Roadmap SteerCo will also regularly report to Cabinet.	Energy, Climate Change & Sustainability
3.	The Energy Security Target Monitor (ESTM) should be transferred to a NSW agency with a target date of 1 July 2024.	Accept.	Energy, Climate Change & Sustainability
4.	The new ESTM should be led by an independent Energy Security Target Commissioner (ESTC) who oversees the Energy Security Target (EST) and reports to the Minister.	Accept in part. The NSW Government supports the transfer of this function, but will not create an additional Commissioner role.	Energy, Climate Change & Sustainability
5.	The ESTM should continue to engage the current monitor, AEMO, for modelling of the Energy Security Target (EST).	Accept.	Energy, Climate Change & Sustainability
6.	Consideration should be given to amending the EST methodology to align with the National Electricity Market (NEM) once the current review of the NEM reliability standard by the Australian Energy Markets Commission (AEMC) is complete.	Accept. The NSW Government will assess whether to align the methodology with the national approach once AEMC has made its recommendations on the NEM reliability standard.	Energy, Climate Change & Sustainability

No.	Recommendation	NSW Government response	Lead agency
7.	The Minister should direct EnergyCo under section 8(5) of the Energy and Utilities Administration Act 1987 to focus on financial closing of the Central-West Orana REZ, and, if deemed time critical, Priority Transmission Infrastructure Projects like the Waratah Super Battery (WSB) and Hunter Transmission Project (HTP).	<p>Accept in part.</p> <p>The NSW Government will direct EnergyCo to focus on:</p> <ul style="list-style-type: none"> <li>• procurement of the Central West Orana REZ, the Waratah Super Battery and the Hunter Transmission Project.</li> <li>• some of its non-procurement activities including administering access schemes, community engagement and funding programs, planning REZ network infrastructure and working as part of the Roadmap SteerCo to coordinate across portfolios on supporting infrastructure within REZ (e.g. housing, roads, telecommunications).</li> </ul> <p>Activities to progress Hunter Central Coast and New England REZ network projects will continue, with formal procurement for New England REZ subject to the assurance review in response to recommendation 9 below.</p> <p>The NSW Government will transfer some functions from EnergyCo to the Department, including grants programs for pumped hydro, offshore wind policy, and reforms to enable more generation to connect to existing networks.</p>	Energy, Climate Change & Sustainability
8.	Representatives of the Office of Energy and Climate Change (OECC), Treasury and Infrastructure NSW (INSW) should immediately be appointed as full members of the EnergyCo Advisory Committee (EAC).	<p>Not accept.</p> <p>The NSW Government will establish a formal governance board and associated reporting structure for EnergyCo, to support it moving to a mature operating state with improved decision-making and risk management processes. In the interim, Treasury and OECC will attend EAC meetings.</p>	EnergyCo
9.	Before any procurement processes occur for future REZs, INSW should conduct an Assurance Review of the REZ program and assess procurement approaches and delivery focused structures for EnergyCo.	<p>Accept.</p> <p>INSW, in consultation with Treasury and EnergyCo, will conduct an assurance review on the REZ program, procurement approaches and proposed delivery structure and report back in November 2023.</p>	INSW
10.	Consideration should be given to engaging INSW's Projects NSW division to oversee the construction of the Central-West Orana (CWO) REZ by the first ranked ACE Consortium.	<p>Not accept.</p> <p>The NSW Government wants a delivery-focussed EnergyCo to oversee all REZ infrastructure construction and operation. The Central West Orana REZ Network project is an opportunity to build this capability. The NSW Government will leverage relevant INSW expertise to support this, including INSW's continued role as program and project assurer.</p>	EnergyCo

No.	Recommendation	NSW Government response	Lead agency
11.	Once the Upper House inquiry into underground transmission is complete, should Transgrid not proceed with a final decision on the HumeLink project, then consideration should be given to directing Transgrid to carry out the project as a Priority Transmission Infrastructure Project under s.34 of the Electricity Infrastructure Investment Act 2020.	Not accept. The Legislative Council has now reported on underground transmission. HumeLink is a Commonwealth and NSW priority and is proceeding under the National Electricity Rules' regime for transmission infrastructure.	Energy, Climate Change & Sustainability
12.	To ensure an alignment of generation and network objectives in the Roadmap, information sharing arrangements between EnergyCo and AEMO Services Ltd (Consumer Trustee) should be enhanced with a Joint Coordination Committee (JCC) of both organisations put in place.	Not accept. The NSW Government supports greater information sharing between Roadmap delivery agencies, but does not support an additional committee as the mechanism to achieve this. The NSW Government will clarify the responsibilities and interactions between the two organisations.	Energy, Climate Change & Sustainability
13.	Once the Central-West Orana REZ (CWO REZ) reaches financial close, a review of the approval process should be conducted to see if there are opportunities to make decisions faster.	Accept.	Energy, Climate Change & Sustainability
14.	The NSW Government together with NSW distribution networks should work with the Australian Energy Regulator (AER) on a common methodology to recover Roadmap costs. The government should closely monitor forward projections on estimated Roadmap recovery costs to ensure that affordability objectives are maintained.	Accept. Under the NER, network tariffs are proposed by distribution businesses and approved by AER. The NSW Government will work with distribution businesses on principles for how best to recover Roadmap contributions through their tariff structures.	Energy, Climate Change & Sustainability
15.	The exemptions framework for Roadmap costs should be reviewed and also consideration given to including transmission connected businesses to reduce the burden on small customers.	Accept.	Energy, Climate Change & Sustainability
16.	The Electricity Infrastructure Jobs Advocate should immediately brief the Energy Minister on skills and training requirements and construction and logistic challenges in the Central-West Orana REZ (CWO REZ).	Underway. The Electricity Infrastructure Jobs Advocate has recently provided his second report to the Minister for Energy. The Minister for Energy and Minister for Skills will convene a roundtable with industry, unions and the skills sector to develop a workforce plan for the NSW renewables sector.	Skills

No.	Recommendation	NSW Government response	Lead agency
17.	Consideration should be given to establishing the proposed Energy Security Corporation (ESC) as a subsidiary of the Clean Energy Finance Corporation (CEFC) with a NSW-appointed board and mandate focused on market needs rather than specific technologies.	Accept. The NSW Government will discuss this potential option with the Clean Energy Finance Corporation and the Commonwealth Government. If supported, the NSW Government will assess this option alongside the other models for delivery of the Energy Security Corporation.	Energy, Climate Change & Sustainability
18.	Under s.21(2)(b) of the Energy and Utilities Administration Act 1987, the Minister should commission an expert review of current Transmission Planning arrangements in NSW to reduce duplication and advise on the best approach to ensuring coordination between the Roadmap bodies (EnergyCo, TransGrid, AEMO, AEMO Services).	Accept.	Energy, Climate Change & Sustainability
19.	Consideration should be given to ensuring a new REZ requirement for final design and interface with the shared network to be reviewed by Transgrid.	Accept.	EnergyCo
20.	That given the proposed closure of the Eraring generator is now less than two years away, the NSW Government should consider new modelling on the affordability impacts of the proposed closure of Eraring in August 2025 on NSW and NEM customers.	Accept.	Energy, Climate Change & Sustainability
21.	That engagement begin with Origin Energy on an extension of the Eraring coal plant beyond 2025.	Accept.	Energy, Climate Change & Sustainability
22.	That the Government seek clarity from Origin Energy on Eraring to provide certainty for workers and suppliers.	Accept	Energy, Climate Change & Sustainability
23.	That Origin Energy be required to demonstrate any claims about the extension of Eraring to the Energy Security Target Monitor (ESTM) and provide all information required to verify those claims to the ESTM	Accept.	Energy, Climate Change & Sustainability
24.	That an Orderly Exit Mechanism (OEM) for future generation exits continue to be progressed through National Electricity Market (NEM) forums by NSW.	Accept.	Energy, Climate Change & Sustainability

No.	Recommendation	NSW Government response	Lead agency
25.	That NSW simultaneously progress a “NSW Responsible Exit Policy” under which any market participant in NSW proposing to retire existing generation capacity, or part thereof, above a firm generation capacity of 600 MW be required to submit their plans to the ESTM at least three years prior to the proposed retirement.	Accept.	Energy, Climate Change & Sustainability
26.	That compliance with the Responsible Exit Policy be a requirement for participation in Consumer Trustee LTESA auctions.	Accept.	Energy, Climate Change & Sustainability
27.	That the NSW Government immediately review the regulations supporting the Energy Security Target Monitor (ESTM) to address recommendations in the Energy Security Target Monitor (ESTM) 2022 report to consider risks associated with interconnectors and short-duration storage.	Accept.	Energy, Climate Change & Sustainability
28.	That considering the slow development of long-duration storage (LDS), the Government commission a review by the Consumer Trustee (CT) into the storage requirements of the NSW market and consider amendments to the definition of LDS in the Roadmap legislation.	Accept.	Energy, Climate Change & Sustainability
29.	That the Government engage a technical expert to advise on whether additional renewable generation projects can be developed on the existing transmission and distribution grid through small network enhancements.	Accept. Network businesses decide whether there is adequate hosting capacity to offer a network connection agreement to applying generators, and have dedicated network planning teams to identify potential upgrades. NSW Government experts will work with network businesses’ planning teams to identify the areas of the existing network with opportunities to connect more generation projects.	Energy, Climate Change & Sustainability

No.	Recommendation	NSW Government response	Lead agency
30.	If the technical expert confirms hosting capacity on the transmission and distribution grid is available, some funding from the Transmission Acceleration Facility (TAF) be repurposed to allow for a contestable bid for enhancements run by the Consumer Trustee (CT) in consultation with EnergyCo. NSW transmission and distribution companies should also be required to publish generation hosting capacity.	Accept. The NSW Government will request Essential Energy, Ausgrid, Endeavour Energy and Transgrid publish spatial information about the hosting capacity of their networks on a centralised website. This website will also include locations where network businesses have identified upgrades to enhance this hosting capacity as part of their annual planning reports.  It is not clear that network businesses or generation developers need access to government finance to accelerate the construction of small network upgrades. If government finance is required, the NSW Government will explore this option as well as alternatives including the Energy Security Corporation and the Commonwealth's Grid Reliability Fund. Once the appropriate finance mechanism is determined, the Government will consider options for a procurement process.	Energy, Climate Change & Sustainability
31.	That a NSW Consumer Energy Resources (CER) strategy be prioritised by the Department to better integrate CER into the supply mix by 2030. The strategy should ensure common technical standards for CER and set targets for uptake of technologies such as smart meters and distributed batteries.	Accept. The NSW Government will release a NSW Consumer Energy Resources (CER) strategy.	Energy, Climate Change & Sustainability
32.	That eligibility for the Peak Demand Reduction Scheme (PDRS) be expanded to include use of batteries, virtual power plants (VPPs) and other measures that help reduce peak demand.	Accept.	Energy, Climate Change & Sustainability
33.	That the investment mandate of the proposed Energy Security Corporation (ESC) include CER optimisation projects on the distribution grid.	Accept. The NSW Government will consider including this in the Energy Security Corporation's investment mandate as part of the design of the Corporation	Energy, Climate Change & Sustainability
34.	That given NSW will have seven gas plants by the end of 2024, AEMO be commissioned to undertake a NSW gas infrastructure review to advise whether additional storage will be required for those generators given an impending supply gap in east coast gas markets.	Accept.	Energy, Climate Change & Sustainability
35.	That consideration be given to NSW Government participation in the Wholesale Demand Response Mechanism (WDRM) as a leadership example to other large users.	Accept. The NSW Government will task agencies with large electricity loads to investigate the feasibility of demand response in their operations.	NSW Procurement

No.	Recommendation	NSW Government response	Lead agency
36.	That EnergyCo establish a REZ network infrastructure Consumer Consultation Council (RCCC) that includes the Australian Energy Regulator (AER), the Office of Energy and Climate Change (OECC) and small and large consumer groups to discuss Roadmap cost pass-through forecasts arising from Roadmap projects. This would be modelled on network company consumer consultative councils.	Complete. The Department already convenes a Consumer Reference Group to inform and consult consumer representatives on Roadmap progress and associated consumer costs and benefits. EnergyCo and AER will use this forum to discuss cost pass through forecasts for REZ network infrastructure.	Energy, Climate Change & Sustainability
37.	To complement the on-the-ground presence of EnergyCo in the REZs, consideration be given to a broader public information campaign to explain the Roadmap and promote its benefits and opportunities.	Accept. The Department will work with Roadmap entities to improve the information resources available to stakeholders and the broader public about the Roadmap and the electricity system transition.	Energy, Climate Change & Sustainability
38.	That an expansion of Essential Energy's apprenticeship program in regional NSW be supported to help build the skills required for the energy transition.	Accept.	Treasury
39.	That more consistency in the development assessment process for renewable energy in NSW be established through clear guidelines for wind, utility solar, transmission and storage projects. That standard guidelines also be issued for community benefit sharing.	Accept.	Planning
40.	That a regular forum for engagement on those guidelines be established by Department of Planning and Environment (DPE) involving Office of Energy and Climate Change (OECC), EnergyCo and the clean energy industry.	Accept.	Planning
41.	That decommissioning plans be a part of all future renewable project approvals and that these be supported by remediation bonds at an agreed point in the project life.	Accept in part. DPE will continue to set objective-based conditions on wind and large-scale solar projects to ensure they are decommissioned and rehabilitated. The NSW Government will investigate the potential cost of decommissioning and evaluate whether decommissioning bonds should be required.	Planning
42.	That standard landholder agreement templates be available from the Department of Planning and Environment's (DPE) website.	Accept.	Planning



No.	Recommendation	NSW Government response	Lead agency
43.	That the Roadmap Intergovernmental Steering Committee (RISC) develop a whole of government plan for addressing community and workforce infrastructure needs and investments in the construction phase of the Central-West Orana (CWO) Zone. That a transport and logistics plan also be developed by RISC for CWO.	Accept.	INSW Coordinator General
44.	That selected REZ generation projects be considered for Critical State Significance Infrastructure (CSSI) where they provide system security services and enjoy community support.	Accept.	Planning
45.	That EnergyCo establish high-profile offices in the REZs and look to increase local recruitment.	Underway.	EnergyCo
46.	That the funding agreement between DPE and EnergyCo for faster planning approvals in REZs be expanded, and a coordinated approach taken to cumulative impacts and biodiversity assessments.	Accept.	Planning
47.	That funding and resourcing of the Energy and Resources team in the Department of Planning and Environment (DPE) be increased.	Accept.	Planning
48.	That EnergyCo, DPE and REZ generators establish coordinated approaches to benefit sharing funds, complaints, and community engagement in the REZs.	Accept. EnergyCo will coordinate community benefit sharing, complaints and community engagement where appropriate. Planning will also develop guidelines to encourage benefit sharing schemes through the planning system. EnergyCo will administer its own regional benefit-sharing programs within REZ and coordinate its initiatives with local government and the clean energy industry.	EnergyCo
49.	That an updated local content policy for REZ infrastructure be developed by the RESB together with the Roadmap Steering Committee and be subject to a cost-benefit assessment.	Accept.	Energy, Climate Change & Sustainability
50.	That the Renewable Energy Sector Board (RESB) be supplemented by a sub-committee of the Roadmap Steering Committee (RISC) focused on local content opportunities identified by the RESB.	Accept.	Energy, Climate Change & Sustainability

No.	Recommendation	NSW Government response	Lead agency
51.	That a future-looking study on the electricity infrastructure required to support a hydrogen industry in NSW be undertaken which addresses options for funding the infrastructure outside the Roadmap.	Accept.	Energy, Climate Change & Sustainability
52.	That consideration be given to complementing the Strategic Benefit Payments Scheme (SBPS) with a NSW framework for neighbours and visual impacts.	Accept.	EnergyCo
53.	That NSW consider the recommendations of the Australian Energy Infrastructure Commissioner's (AEIF) Community Engagement Review to be released later this year.	Accept.	Energy, Climate Change & Sustainability
54.	That the First Nations Clean Energy Network (FNCEN) or other appropriate representative bodies, be included in the Roadmap Steering Committee and Local Content Sub-committee.	Accept. The Roadmap SteerCo will include a representative from NSW Aboriginal Affairs. The NSW Government will require agencies to seek First Nations, representation on Roadmap committees involving community engagement, and benefit sharing, consumer impacts and workforce and supply chain development.	Energy, Climate Change & Sustainability

Sydney NSW 2000

GPO Box 5469  
Sydney NSW 2001

W: [treasury.nsw.gov.au](http://treasury.nsw.gov.au)

**Published by** Office of Energy and Climate Change, NSW Treasury

**Title** Electricity Supply and Reliability Check Up

**Sub-title** NSW Government response

**First Published** September 2023

**ISBN** 978-1-923076-85-3

**Copyright** This publication is protected by copyright. With the exception of (a) any coat of arms, logo, trade mark or other branding; (b) any third party intellectual property; and (c) personal information such as photographs of people, this publication is licensed under the Creative Commons Attribution 3.0 Australia Licence. The licence terms are available at the Creative Commons website at: [creativecommons.org/licenses/by/3.0/au/legalcode](http://creativecommons.org/licenses/by/3.0/au/legalcode) NSW Treasury requires that it be attributed as creator of the licensed material in the following manner :

© State of New South Wales (NSW Treasury), (2023)

**Permission to use** Subject to the Creative Commons Attribution 3.0 Australia Licence, you may copy, distribute, display, download and otherwise freely deal with this publication for any purpose provided you attribute the Office of Energy and Climate Change and/or NSW Treasury as the owner. However, you must obtain permission if you wish to charge others for access to the publication (other than at cost); include the publication in advertising or a product for sale; modify the publication; or republish the publication on a website. You may freely link to the publication on a departmental website.

**Disclaimer** The information contained in this publication is based on knowledge and understanding at the time of writing (September 2023) and may not be accurate, current or complete. The State of New South Wales (including the Office of Energy and Climate Change and NSW Treasury), the author and the publisher take no responsibility, and will accept no liability, for the accuracy, currency, reliability or correctness of any information included in the document (including material provided by third parties). Readers should make their own inquiries and rely on their own advice when making decisions related to material contained in this publication.