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25 July 2025

Richard Owens
Review Lead
NSW Transmission Planning Review
SYDNEY NSW 2000
Via email: transmissionplanningreview@dcceew.nsw.gov.au

Dear Richard,

NSW TRANSMISSION PLANNING REVIEW INTERIM REPORT

Essential Energy welcomes the opportunity to respond to the New South Wales (NSW) Transmission Planning Review Interim Report (the Interim Report) and supports efforts to improve the clarity, coordination and efficiency of the planning framework as NSW undergoes an accelerated energy transition.

As the regional Distribution Network Service Provider (DNSP) for NSW, our network hosts more than 1.5 GW of utility-scale generation, manages ~183 000 km of lines (including 9 600 km of sub-transmission) and supports a rapidly growing pipeline of renewable and storage projects. As Essential Energy outlined in our previous submission to the Options Paper, we have both the capability and capacity to play an increasingly important role in the delivery of the energy transition. Given the nature of the proposed reforms, we expect to be directly impacted and closely involved in the implementation of several of the recommendations.

While we support the direction of the Independent Planning Review's recommendations, we respectfully question whether delivering some of the more material reforms, such as delivering a fully integrated and legislated NSW System Plan by 2027 is realistic. Carrying out new functions is difficult whilst those same functions are still being established. That being said, we offer practical suggestions to manage this risk. Our submission is structured as follows:

1. Essential Energy's support for the draft recommendations
2. Implementation cautions and practical suggestions
3. Proposal to establish a Planning Implementation Committee

Essential Energy supports the draft recommendations to drive an efficient, distribution-inclusive transition

Essential Energy broadly supports the Interim Report's draft recommendations. Implemented efficiently, they provide a pragmatic path which will assist in delivering the energy transition in NSW. Our endorsement is based on four key areas.

First, closer alignment between the NSW Electricity Infrastructure Investment Act (EII Act) framework and the National Electricity Rules (NER) is essential to avoid duplication, streamline approvals and maximise the utility of the distribution network.

Secondly, as one of the three NSW DNSPs actively contributing to the NSW Distributors' System Plan, Essential Energy is well positioned to support deeper coordination between EnergyCo, AEMO and DNSPs in the development of the NSW System Plan and enhanced whole-of-system planning. We bring local knowledge, granular data and distribution-level modelling capabilities that will be critical to realising the intent of the recommendations.

Thirdly, elevating EnergyCo to an overarching co-ordination and Jurisdictional Planning Body role removes perceived conflicts of interest which exist under current planning arrangements, while leaving networks such as Essential Energy to continue their responsibilities in business-as-usual planning and network investment decisions that leverage our deep local knowledge and technical expertise.

Fourthly, embedding hosting capacity, consumer-energy-resource uptake and local demand growth in the forthcoming NSW System Plan enables future distribution options to be adequately considered alongside transmission options, improving whole-of-system efficiency in network planning.

For these reasons, we support the Interim Report's recommendations and consider that, if implemented effectively, they offer a practical and cost-efficient pathway for progressing the transmission transition in NSW.

Implementation cautions and practical suggestions

The Interim Report proposes a reform package that spans several immediate actions alongside other changes scheduled for delivery by 2027. The ambition of this reform program should not be understated, particularly given the complexity and interdependencies of the more material changes. These include concurrent amendments to the EII Act and its Regulations, insertion of NSW specific clauses into the NER, and potential licence condition reviews, many of which will require substantial coordination across government agencies, EnergyCo, and industry. A core dependency in this delivery pathway will be the availability of experienced personnel and additional resourcing being made available to EnergyCo, and for EnergyCo to prepare for these new functions.

Whilst this resourcing and implementation challenge is acknowledged in the Interim Report, in our view it warrants closer attention and focus so that the required capability and processes are in place to operationalise these reforms. This will need to progress while major network and REZ projects continue

across NSW. The scale of this task is significant, and as such, we offer several practical measures to support timely and effective implementation.

We are not convinced that delivering a fully integrated NSW System Plan by December 2027 is realistic, given EnergyCo will be standing up its planning functions while simultaneously developing the Plan and undertaking whole-of-system options assessment. Whilst we acknowledge that the Interim Report assigns each recommendation to broad timing bands (immediate, by 2026 or by 2027), we would suggest that the final report should articulate the next level of detail by publishing a set of clearly sequenced recommended milestones. For example, the PTIP definition could be amended in 2026; consultation on the contestability guideline could follow immediately and conclude by mid-2026; and EnergyCo's Jurisdictional Planning Body powers could commence in 2027 (or later if necessary) ahead of release of the first legislated NSW System Plan. Whilst this is just a hypothetical example, by providing a recommended milestone schedule, the final report will give industry participants and regulators the lead time needed to begin planning resources now.

In our view, an early focus on the “easier wins” may also help maintain momentum while the larger structural pieces are put in place. For example, legislative changes such as the PTIP definition amendment and the contestability guideline could be progressed first, with more complex, resource intensive tasks (like the first full NSW System Plan) phased in once EnergyCo's planning function is fully established.

A second implementation issue concerns regulatory layering. Many of the interim report recommendations introduce new instruments or expand existing ones, which are wholly appropriate. However, the Interim Report does not identify any offsetting reductions in existing obligations. To avoid duplication and additional costs, the Final Report should clarify how each new measure will mesh with, replace or simplify current processes and, wherever feasible, nominate legacy steps or processes that could be retired once the new arrangements are operational. In our view this would lead to productivity and efficiency benefits.

A third practical consideration relates to modelling capability. Essential Energy, like other DNSPs, is actively investing in more sophisticated modelling to support localised forecasting, constraint analysis and scenario testing. However, there remains a disparity between the modelling tools and platforms currently used by respective DNSPs, TNSPs and AEMO. To improve planning consistency, we suggest the Final Report consider targeted funding initiatives to support uplift and harmonisation of modelling systems, across network businesses. Over time, this would ultimately improve the quality of outputs including the proposed NSW System Plan.

Consider establishing a formal Planning Implementation Committee

When the original EII Act regulations were developed in 2021 the NSW Government convened a temporary Network CEO Steering Committee. That forum created a single point of accountability, cleared bottlenecks, and gave industry a regular opportunity to seek updates from NSW Government bodies on

related EII Act issues. This also promoted a shared understanding of the intent and mechanics of the NSW Roadmap policy.

Building on that model, Essential Energy encourages the establishment of a Planning Implementation Committee as soon as the Government endorses the Final Report. This committee could bring together senior representatives from EnergyCo, DCCEEW, AEMO, ASL, Transgrid and each NSW DNSP. Its role would be to track and report on delivery milestones, escalate emerging delays or conflicts for timely resolution, and convene short-life working groups on tasks such as legislative drafting, so that detailed technical work progresses without congesting the main forum.

One of the committee's first tasks could be to prepare for the staged delivery sequence, highlighting which reforms can and should be completed first to de-risk the 2027 target for the NSW System Plan. The Implementation Committee could operate for an initial twelve-month term, covering the critical window in which most legislative and regulatory changes must be initiated.

Establishing an implementation committee or similar Governance arrangement will provide clear ownership of the reform agenda and give parties confidence that the Interim Report's recommendations will be translated into action within the required timeframe.

Conclusion

Essential Energy broadly supports the draft recommendations. Realistic phasing, genuine streamlining and robust governance are essential if the recommendations are to translate into timely, cost-effective outcomes for NSW consumers.

Thank you for the opportunity to participate in the consultation process. Essential Energy appreciates the considered and detailed approach the Review Team has taken.

If you have any questions in relation to this submission, please feel free to contact Mr Anders Sangkuhl, Regulatory Strategy Manager at anders.sangkuhl@essentialenergy.com.au.

Yours Sincerely,

A handwritten signature in black ink, appearing to read "Annie Pearson".

Annie Pearson
Chief Customer and Corporate Affairs Officer