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NSW Transmission Planning Review
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NSW Transmission Planning Review – Interim Report

Endeavour Energy appreciates the opportunity to provide this response to NSW Transmission Planning Review Interim Report (the Report). We consider this a bold and necessary review to clarify and enhance the planning framework in NSW to ensure it delivers the energy transition for NSW customers at least overall system cost, while maintaining system security and reliability.

Endeavour Energy is the electricity distribution network service provider (DNSP) to Australia's third largest economy spanning Sydney's Greater West, the Blue Mountains, the Southern Highlands, the Illawarra and the South Coast of NSW serving over 2.7 million Australians. Our network includes over 430,000 power poles, 206 major substations and 60,000kms of powerlines including over 1,800km of sub-transmission network (132kV and/or 66kV). Our network will also contain the Illawarra Renewable Energy Zone (REZ) which is intended to deliver 1 GW of network capacity to facilitate wind, solar, energy storage, pumped hydro and hydrogen generation resources.

The Report contains an ambitious set of reforms focussed on:

- Clarifying, streamlining and coordinating responsibility for transmission planning in NSW.
- Improving the consistency and effectiveness of transmission planning reports.
- Enhancing engagement, transparency and governance of transmission planning decisions.

We welcome these recommendations as the introduction of contestability via the Electricity Infrastructure Investment Act and Regulation (EII Act and Regulation) has created unintended complexities and ambiguities for the planning and delivery in transmission projects in NSW. Below, we set out our views on key recommendations within the Report:

1. Streamlining the REZ authorisation process and remove barriers for distribution projects (A.1 and A.4)

As recognised in the Report, there is untapped potential within the existing distribution network to host renewable generation faster and at a relatively lower cost. However, the EII Act planning, recommendations and authorisation process is untimely and burdensome for these relative smaller scale projects. Improvements could be made to the role and interaction of the Infrastructure Planner and Consumer Trustee.

We strongly support the recommendations relating to A.1 aimed at improving and streamlining the process and the A.4 recommendations seeking to expand definitions within the EII Act to expressly recognise distribution projects. As the energy transition will require support from all participants to be successful, it is critical that distribution level projects are afforded the opportunity to be developed and assessed on a timely and reasonable basis.

2. Make EnergyCo the NSW Jurisdictional Planning Body for NSW (A.9) and extend joint planning provisions to apply to EnergyCo (A.10)

We support these recommendations to improve transparency and independence in transmission planning following the introduction of contestability. However, as noted in our previous submission, we have a strong and enduring joint planning relationship with Transgrid, and recognise that Transgrid have deep and long-standing expertise. Accordingly, to preserve this expertise and maintain continuity for BAU joint planning activities which will still need to occur, the transition path to, and implementation of, a centralised and independent planning body requires careful consideration.

The Report recognises that not all joint planning provisions currently in the NER will be relevant to EnergyCo and therefore recommend a broader obligation to expand joint planning between TNSPs, DNSPs, AEMO and EnergyCo. We support this and the EnergyCo joint planning focus areas highlighted in section 3.3.3 of the Report (i.e., 'strategic projects').

For activities outside of these focus areas (referred to as 'BAU joint planning' for ease of reference in this submission), we consider that it will be important to clarify the role of EnergyCo to avoid creating additional complexity or elongating existing processes. Many BAU joint planning activities between DNSPs and Transgrid are likely to continue to remain fit for purpose and, accordingly, should continue with EnergyCo simply overseeing these activities and more actively participating in relation to strategic projects.

3. Improving the reporting process to create a consolidated NSW System Plan (B.1 – B.4)

We support improved consideration of distribution projects and rationalising the current complex web of planning reports. We are concerned that, despite the intent of the recommendations to clarify and better coordinate the existing suite of planning reports, their practical effect is to expand rather than reduce the existing requirements. In effect, the recommendations formalise the Network Infrastructure Strategy (NIS) and expand the NIS to be a NSW System Plan that aligns with and supports AEMO's Integrated System Plan and the Infrastructure Investment Objectives Report.

Ideally, the number of planning reports would be reduced; however, we appreciate this is not necessarily an immediate priority of the review. Ultimately, we consider that this recommendation will improve the strategic transmission planning framework and provide additional opportunities for distribution projects to be considered and assessed in a coordinated and consistent manner.

To support this recommendation, there will need to be improved modelling of distribution projects. To date, we have found that the modelling of projects is simplistic for (or essentially excludes) sub-transmission level projects. We are keen to work with EnergyCo and others to develop more robust and consistent modelling approach.

With respect to the DAPR and TAPR the Report recommends the NSW System Plan consolidates information from them without modifying their existing scope or timing. Instead, the Report recommends the NSW Government work with the AEMC and AEMO to modify these reports as required for changes across the NEM, highlighting the current rule change under consideration from Energy Consumers Australia (ECA). While we do not accept much of the underlying rationale of the ECA rule change, we would be keen to explore improvements that could be made to the scope and timing of the DAPR for the significant change that has occurred in the role of DNSPs over the last decade since the DAPR's introduction. We note this action is flagged as a longer-term initiative, yet engagement from the NSW Government in the rule change process will require immediate action.

Implementing these reforms will require a collective industry effort

These reforms are significant but critical to enabling a least cost energy transition in NSW. We support the sequencing and prioritisation of actions but question whether the timeframes are achievable. It may be beneficial to establish a committee to oversee and coordinate the implementation of the recommended reforms to arrive at an achievable sequencing and timeframe.

We also note that some of the recommended actions will require changes to the EII Act, for instance expanding the definition of a Priority Transmission Infrastructure Project (PTIP). If there is an opportunity

to amend the Act we would appreciate an opportunity to propose additional amendments to support a proportionate and clearer pathway for distribution level projects to be proposed and assessed.

We would be happy to discuss the matters in our submission further. If that would be of assistance, please contact Patrick Duffy, Manager Regulatory Transformation and Policy at Endeavour Energy via email at patrick.duffy@endeavourenergy.com.au.

Yours sincerely

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Francoise Merit
Chief Financial Office