

25 July 2025

Attention: Mr Richard Owens, Review Lead
Farrier Swier Consulting Pty Ltd
GPO Box 4893
Melbourne VIC 3001

By email: transmissionplanningreview@dcceew.nsw.gov.au

Dear Mr Owens,

NSW Transmission Planning Review – Interim Report

Thank you for the opportunity to provide feedback on the NSW Transmission Planning Review: Interim Report.

Introduction

Iberdrola Australia Networks is a business within Iberdrola Australia, part of the global Iberdrola Group. With more than 120 years of history, Iberdrola is a global energy leader, the world's number one producer of wind power, an operator of large-scale transmission and distribution assets in three continents making it one of the world's biggest electricity utilities by market capitalisation (over AUD 115 billion). The group supplies energy to almost 100 million people in dozens of countries, has a workforce of more than 37,000 employees and operates energy assets worth more than AUD 202 billion.

In Australia, the Iberdrola group is one of the leaders of the renewable energy market after acquiring Infigen Energy in 2020. The company operates more than 800 MW of solar, wind and storage batteries in Australia and has a significant portfolio of projects, of which 453 MW are under construction and more than 2,000 MW are in various stages of development including Solar, Wind and BESS.

Iberdrola is also recognised globally by its experience building, operating and maintaining electricity lines, substations, converter stations and other infrastructure to transfer electrical power from the generation centres to the end user across jurisdictions in Spain, UK, US and Brazil. Iberdrola is a global network owner-operator that intends to deploy its full capabilities in Australia.

Iberdrola currently operates one of the world's largest transmission and distributions businesses, comprising more than 1.3 million kilometres of power lines and more than 4,400 substations, which carry electricity to more than 34 million people around the planet. Approximately 60% of the group's organic investment for the period 2020-2025 (more than €27 billion) will go to the networks area. Iberdrola has also participated in and won many contestable transmission projects in the USA, Brazil and the United Kingdom. Iberdrola Australia is actively developing these capabilities in country, demonstrating its full commitment to Australia's energy transition.

We acknowledge and thank the Independent Panel for their thorough assessment and review of the NSW planning process, undertaken as part of the NSW Transmission Planning Review: Interim Report. Our feedback on the Independent Panel's recommendations is detailed below.

NSW Transmission Planning Responsibilities to be transferred to an Independent System Operator

We support the Independent Panel's recommendation that an Independent System Operator coordinate the planning of strategic network projects across NSW. This includes becoming the Jurisdictional Planning Body (JPB) for NSW and the exclusive Infrastructure Planner for all REZs and projects under the *Electricity Infrastructure Investment Act (NSW) 2020 (EII Act)*.

Authorisations by the Consumer Trustee are an important protection for consumers

Authorisations provided by the Consumer Trustee provide an independent assessment that an infrastructure project recommended by EnergyCo as Infrastructure Planner will deliver net financial benefits for consumers. The cost benefit analysis undertaken by the Consumer Trustee as part of this role ensure that the electricity consumers of NSW receive value for money for their investments in electricity infrastructure projects, as NSW electricity consumers ultimately fund these infrastructure projects.

We understand that during the Central West Orana (**CWO**) REZ competitive tender process for the selection of the CWO REZ network operator, that the Consumer Trustee's role was introduced at a very late stage of the planning process, and this resulted in confusion, duplication and delays in finalising contractual arrangements and ultimately delivering the project.

To streamline and accelerate the transmission, Iberdrola Australia agrees with Independent Expert Panel's recommendation that the EII Act should be amended so that the Consumer Trustee authorises a REZ network infrastructure project, rather than authorising a network operator to carry out a REZ infrastructure project.

In addition, Iberdrola supports Independent Expert Panel's recommendation that a new process be introduced, as an amendment to section 31 of the EII Act that allows the Infrastructure Planner to recommend an amendment to an authorization and the Consumer Trustee to make such an amendment where there has been a material change in circumstances. This would apply where there has been a material change to the scope of the recommended project compared to the project description set out in the notice of authorisation. This process should allow the Infrastructure Planner to request that the Consumer Trustee recalculate and amend the maximum capital cost (MCC) of the project, where the expected cost of the project has materially increased since the authorisation. This process allows the Consumer Trustee to check that the project still has net benefits for consumers based on the latest estimated costs and benefits and should only occur prior to the network operator submitting its initial revenue proposal to the AER.

Network-to-Network Connections

As contestability of electricity infrastructure projects are introduced in NSW, it is important for the technical and commercial interfaces between the contestable transmission project and the existing Network Service Provider's network be formalized. To achieve this, the points of connection (network interfaces) need to be well-defined and accessible to all providers. This ensures that competition is fair and that no single provider has an unfair advantage due to their control of network interfaces. To reduce disputes, create a level playing field and to prevent delays, prescriptive obligations, timeframes and process should be introduced for connecting new transmission to existing networks. Without such a framework, contestable proponents will face significant uncertainty and the risk of scope creep around connection, leading to delays, duplication and inefficiencies in energising new infrastructure.

Iberdrola Australia strongly supports all the recommendations proposed by Independent Expert Panel for strengthened network-to-network connections, as described under section 2.3.2 of the Transmission Planning Review: Interim Report (see pages 54 to 56 of the report). We believe that strengthening the network-to-network interfaces will facilitate the timely planning and delivery of projects by avoiding the risks of delays that can arise under the current arrangements due to insufficiently clear obligations, processes, timeframes and information sharing requirements and barriers to commencing the connection agreement process until a contestable network operator has been appointed.

In addition, Iberdrola Australia recommends that each network service provider be required to publish their technical and commercial terms for network-to-network interface requirements on their website. There is precedence for this in overseas jurisdictions. In the UK, all transmission and distribution system operators are required to publish the technical and commercial network connection interfaces on their websites.

Reform the system strength regulatory arrangements

Electricity Infrastructure planning should include the planning and procurement of system security and inertia services as these requirements go hand in hand with the planning for and investment in electrical infrastructure.

The technical skillset required to plan electrical infrastructure should include the ability to plan for and procure system strength and inertia services. As such Iberdrola Australia supports the option for an Independent System Operator (**ISO**), such as EnergyCo to plan for and procure system strength and other system security services. This is because an independent ISO can procure these services without bias towards the type of service procured and can do so without conflicts of interests. Independence in relation to procurement of these services ensures that technical and commercial information is not disclosed to a procuring party who may also be the competition. This means that the procuring party may be able to access information that may be proprietary or commercial in confidence.

Given global supply constraints and long lead times for the provision of system security services (whether it be BESS, synchronous condensers or any other equipment of this nature), Iberdrola Australia encourages that consideration be given to when the system security services can be provided, in addition to the cost and type of service provided.

Iberdrola Australia recognises that there is a need for system strength services right now and that Transgrid has undertaken a process for procuring system strength services which commenced in 2021 and is ongoing. We recommend that this process continue and be grandfathered, so that timeframes and need for addressing and procuring system strength services are not disrupted. However, after this round of system strength procurement has been completed, Iberdrola Australia strongly recommends that a review be undertaken to transfer the planning, assessment and procurement of system strength and inertia services to an ISO such as EnergyCo with the other planning functions that the Independent Expert Panel has recommended be transferred to it.

We recognise the complexity and time required to make these reforms. However, we believe that transferring these functions to an ISO will introduce competition, encourage innovative system security solutions and potentially lower costs for consumers. It will also ensure that all the relevant planning functions are conferred to one party. Competitive procurement models can facilitate joint ownership arrangements, allowing for risk-sharing and leveraging diverse expertise and can accelerate project timelines by providing alternative options and mitigating potential delays associated with relying on a single provider.

Clarify which projects should be procured contestably

NSW will require unprecedented levels of network investment, at pace to ensure NSW can replace its aging coal fire generation and meet its decarbonization

targets on time. The Independent Expert Panel stated in its Report that it is unlikely that a single transmission network service provider will be able to deliver the levels of network investment under these time constraints. As such, with multiple transmission operators expected to operate in NSW, Iberdrola Australia recommends the introduction of contestable procurement for transmission for all electricity infrastructure projects, REZ Network Infrastructure Projects (**RNIPs**), Priority Network Infrastructure Projects (**PTIPs**) and connections over a specified threshold.

We support the use of the same thresholds in NSW as those used in Victoria and the rest of the National Electricity Market (**NEM**), which are detailed in the National Electricity Rules (**NER**). We recommend thresholds to ensure consistency across jurisdictions and to reduce regulatory complexity.

We also recommend that the threshold and criteria for contestability for electricity infrastructure projects be included in the **EII Act or EII Regulations**. The benefit of embedding this information in the EII Act or the EII Regulations is that it improves transparency around the electricity infrastructure planning process which helps ensure a level playing field. Competitive transmission processes have the potential to stimulate innovation and meaningfully reduce the cost of transmission, magnifying the overall benefits that the transmission network can provide to customers and the economy.

AEMO's 2024 Integrated System Plan has identified that 90% of coal fired power station will close by 2035. This means that there is an urgent need for investment and electrical infrastructure build prior to 2035. We should not be complacent about the need for electrical infrastructure and as such, the criteria around contestability of electrical infrastructure projects should be developed and embedded into legislation with some urgency and should be completed as soon as possible, not as a medium-term project.

Enhanced Electricity Infrastructure Planning Reporting Scope and Content

Iberdrola supports the proposal to include the NSW System Plan in legislation and to expand its scope to become the comprehensive and overarching planning document for strategic network projects in NSW.

Iberdrola also supports the expansion of the scope to consider and include distribution and customer or load connections such as data centres, CER, demand side management, electric vehicle usage in the planning process. Iberdrola Australia recommends that transmission planning incorporate planning for distribution networks, generation, load growth to optimise electricity infrastructure investment.

We also support the expansion of the NSW System Plan to incorporate the assessment of community, environmental and cultural factors alongside the technical and economic considerations when evaluating transmission and

distribution planning projects. By building a transparent community engagement process embedded within the infrastructure planning process, there is an opportunity to build early, genuine and meaningful community engagement is essential for building trust and developing collaborative partnerships with communities who will be involved with and host new generation, transmission and distribution projects. As infrastructure delivery accelerates, building and maintaining social license will be essential for avoid delays, reduce community opposition, and improve long-term project outcomes.

The current planning processes does not provide mechanisms for parties, other than NSPs to propose transmission projects for inclusion in any of the planning reports. We support the recommendation by the Independent Expert Panel that EnergyCo consider market led, innovative and non-network solutions to provide alternatives to strategic transmission projects when preparing the NSW System Plan. EnergyCo could use the NSW System Plan to initiate consultation on viable market led proposals. EnergyCo could engage with market participants and service providers to assess their technical feasibility, economic viability, delivery timeframes and reliability contributions.

The expansion of the scope of the NSW System Plan is necessary to ensure that the planning framework remains ahead of system needs, while avoiding over-investment in the network where alternative non-network or distribution solutions could provide viable options to investment in transmission. These enhancements to the NSW System Plan should facilitate a well-coordinated, forward-looking approach, critical to delivering the infrastructure needed for the energy transition while ensuring reliability, affordability and investor confidence.

Timing and number of Planning Reports

Iberdrola agrees that due to the rapid pace of change in the energy transition, for the NSW System Plan to be effective, the information in the planning reports should be timely, so as not to become obsolete. As such, EnergyCo should be required to prepare the NSW System Plan every two years and that the NSW System Plan should cover a 20-year planning horizon.

In addition, as Independent Expert Panel's NSW Transmission Planning Review: Options Report identified 14 key planning reports that oversee the NSW electricity network, there is a need to restructure and consolidate these reports. This is because multiple overlapping planning reports can be based on different assumptions, timeframes, cost estimates and modelling inputs, which can create stakeholder uncertainty, confusion over the hierarchy of the reports and can provide conflicting signal to investors. Confusion over the hierarchy of the reports, duplication and unclear investment signals is likely to remain, even if there is clarification on the scope and relationship of the reports. This is simply due to the sheer number of reports.

Iberdrola acknowledges that it may be challenging to create a single planning report, but believes that there is merit in potentially consolidating the major NSW transmission and distribution projects into a single planning report, which would create a single source of truth, while:

- keeping the national planning reports (such as the ISP separate) to ensure that National planning objectives are still met and
- while requiring TNSPs and DNSPs to continue to prepare TAPRs and DAPRs to provide detailed local information prepared by the owners and operators of those assets.

We would still encourage EnergyCo, as the body responsible for the NSW System Plan to engage with AEMO to integrate state-based planning and timing of projects into the national planning reports and to minimise duplication and inconsistencies in approach to planning.

Iberdrola Australia appreciates the opportunity to contribute to this review and looks forward to working with the NSW Government to improve transmission planning. We welcome the opportunity to discuss our submission further. For further information, please contact Maheshini (Mesh) Weerackoon via email at Maheshini.Weerackoon@iberdrola.com.au or phone on 0447 294 654.

Thank you for considering our submission.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ricardo Da Silva', is written over a horizontal line. The signature is stylized with large, flowing letters.

Ricardo Da Silva

Executive General Manager Business Development