

Tranche two regulations issues paper: Consultation submission form

This form is to be used to provide feedback on a series of questions included in the [Tranche two regulations to support the Electricity Infrastructure Roadmap Issues Paper \(PDF 800KB\)](#) to help inform the development of the regulations.

Please see the [Electricity Infrastructure Roadmap webpage](#) for more information.

Consultation questions

You do not need to answer every question. Please answer the questions of interest to you.

Chapter numbers indicate the location of questions in the Issues Paper.

Please make your submission by **5pm on Friday 21 May**.

Confidentiality and submissions

Providing submissions is entirely voluntary, is not assessable, and does not in any way include, exclude, advance or diminish any entity from any future procurement or competitive process regarding the Electricity Infrastructure Roadmap, or any other NSW programs.

The NSW Government is committed to an open and transparent process, and all submissions will be made publicly available unless the stakeholder advises the Department not to publish all or part of its submission. Authors may elect for some or all of their submission to be kept confidential. If you wish for your submission to remain confidential please clearly state this in your submission.

Your details

Submission type	<input type="checkbox"/> Individual <input checked="" type="checkbox"/> Organisation <input type="checkbox"/> Other Click or tap here to enter text.
Author name	Jonathan Upson
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Author title	Director Project Development
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Stakeholder group	<input checked="" type="checkbox"/> Generation or storage infrastructure provider <input type="checkbox"/> Electricity consumer or representative body <input type="checkbox"/> Network infrastructure provider

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	<input type="checkbox"/> Energy retailer <input type="checkbox"/> Government or market institution <input type="checkbox"/> Individual <input type="checkbox"/> Other (please specify) Click or tap here to enter text.
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Questions

Chapter 4 – Energy Security Target

Question 1: Should the Energy Security Target Monitor define the method to determine the derating factor or should the method be defined in the regulations? If not by the derating factor, how else should the regulations address the probabilistic nature of semi-scheduled generators in the context of the deterministic Energy Security Target?

[Click or tap here to enter text.](#)

Question 2: Should the regulations prescribe any other matters for inclusion in the Energy Security Target Monitor's report? If so, what are they?

[Click or tap here to enter text.](#)

Chapter 5 – Electricity Infrastructure Investment Safeguard

Question 3: To what extent are the requirements for carrying out competitive tenders of Long Term Energy Service agreements appropriate? Are there any other requirements that should be considered?

Canadian Solar Australia (CSAU) generally agrees with the requirements particularly with regards to minimising tender process transaction costs.

CSAU considers transparency of the process to be paramount; for example, a schedule of auction dates and capacity to be auctioned will be very important. Also, the market would like to know if the NSW Government has a view as to what percentage of new REZ generation do they intend to contract via a LTESA: 25%, 50%, 75% etc?

There are many other requirements/characteristics of LTESAs that we would be pleased to discuss with the NSW Government/Consumer Trustee.

Question 4: Do you agree with the matters the Consumer Trustee must take into account when

CSAU considers that the Consumer Trustee should take particular notice of expected and/or potential

<p>preparing the Infrastructure Investment Objectives Report? Are there any other matters that should be taken into account?</p>	<p>“changes in generation, storage and firming technology costs and performance”.</p> <p>Pumped Hydro is a mature technology that is unlikely to experience anything more than small, incremental changes in technologies or cost. On the other hand, Battery Energy Storage Systems (BESS) have, and will continue to have, dramatic increases in capabilities and decreases in cost.</p> <p>CSAU considers that the risk and tenure or storage LTESAs should be a fundamental concern to the Consumer Trustee.</p> <p>While it is clear that long duration storage, such as pumped hydro, can store more electricity, pumped hydro projects are extremely expensive and typically must profitably operate for 30-40+ years to obtain the necessary return on investment. Therefore, pumped hydro plants will likely require a 20-30 year LTESA to be viable. In contrast, a Battery Storage System (BESS) will likely only require an LTESA of up to 10 years. Therefore, there is substantially less risk writing a BESS LTESA.</p>
<p>Question 5: In what circumstances should the Consumer Trustee prefer long duration storage over firming infrastructure to meet the reliability standard?</p>	<p>CSAU considers that a mix of firming infrastructure and long duration storage are likely to most effectively balance the risk of not meeting the reliability standard and excessive compensation paid to long duration storage that may not be needed in the medium to long term.</p> <p>A LTESA signed for a pumped hydro project in the next few years may seem reasonable at the time, but in ten years' time, let alone twenty, the LTESA could be horribly out of the money---costing the NSW Government tens of millions of dollars per year.</p> <p>For example, it would be hard to rule out that by 2030, volatility in wholesale energy prices might be substantially reduced by the wide deployment of small and large scale BESS, Snowy 2.0, wide use of EVs (which function as batteries when at home) and widespread industrial Demand Response. Such a situation would leave Pumped Hydro reliant on their LTESAs to survive due to much lower market revenue arbitrage opportunities.</p>

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Chapter 6 – Classification of REZ network infrastructure

Question 6: Are there any other considerations that should be taken into account in classifying REZ network infrastructure in regulations, including the need for, and scope of, sub-classifications?

CSAU would comment that in order to provide value for money for NSW taxpayers and electricity consumers, the REZ network infrastructure should be classified, as much as possible, contestable works. In this way, there will be real competitive tension in the tendering of these expensive assets.

Question 7: What types of network infrastructure could be subject to economic regulation under Part 5 of the EII Act?

Click or tap here to enter text.

Supporting information

If you have additional information you would like to provide to support your views, please provide it here.

If you have additional documents to provide to support your views, please email it with your submission.

Click or tap here to enter text.

Confidentiality and submission publication preferences

Please indicate your publication preferences.

Would you like all or part of your submission to be confidential? If so, please identify the part(s) in your submission	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
For confidential submissions: Some confidential submissions may be shared with the Australian Energy Market Operator, Australian Energy Market Commission, Australian Energy Regulator, the Energy Security Board, TransGrid, the Clean Energy Finance Corporation, Australian Renewable Energy Agency, Essential Energy, Endeavour Energy and/or Ausgrid to better understand and respond to issues raised. Would you like your submission to be kept confidential from these parties?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If your submission is published, only your name and organisation would be published. Would you like your submission to be anonymous and these personal details redacted?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
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- Directly relevant departmental staff, consultants and advisors
- The Australian Energy Market Operator, Energy Security Board, Australian Energy Market Commission, Australian Energy Regulator, or the Australian Competition & Consumer Commission
- TransGrid, the Clean Energy Finance Corporation or the Australian Renewable Energy Agency or distribution network service providers
- Other parties where authorised or required by law to be disclosed.

Where the Department discloses this information to any of these parties, it will inform them that the information is strictly confidential.

The Department may publish or reference aggregated findings from the consultation process in an anonymised way that does not disclose confidential information.

We may be required to release the information in your submission in some circumstances, such as under the *Government Information (Public Access) Act 2009*.

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