

## Network Infrastructure Projects Policy Paper: Consultation submission form

This form is to be used to provide feedback on a series of questions included in the Network Infrastructure Projects Policy Paper to help inform the development of the regulations. The Network Infrastructure Projects Policy Paper considers detailed policy options to support Part 5 of the *Electricity Infrastructure Investment Act 2020* (NSW) (EII Act).

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 policy Paper.

Please make your submission by **5pm on Friday 12 November**.

### 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.

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	Matthew Parton
Organisation	Neoen
Author title	State Leader NSW
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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

	<input type="checkbox"/> Energy retailer <input type="checkbox"/> Government or market institution <input type="checkbox"/> Individual <input checked="" type="checkbox"/> Other (please specify) System Services Provider
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## Questions

Questions related to the guiding principles	
<b>Question 1:</b> Do you agree with the proposed guiding principles? Are there additional principles that should be considered?	No response.
Questions related to the classification of Renewable Energy Zone network infrastructure	
<b>Question 2:</b> What are your views on the proposed approach to defining classes of network infrastructure?	<p>Neoen are pleased to see Network infrastructure (services) and System Security (Class 3 and Class 4) considered. In Neoen's experience, opening up the provision of network services and system strength services to non-network providers is a fantastic way of increasing competition. Neoen's view is that these Class 3 and Class 4 services should be delivered through competitive tender and contract for services.</p>
<b>Question 3:</b> Are there any risks to the effective delivery of a REZ if the necessary system strength services are not included as a class of network asset under the EII Act?	<p>Yes there are risks, and yes, these services should be included as a class of services for which the Infrastructure Planner can tender for.</p> <p>Recent rule changes make it the responsibility of the incumbent TNSP to provide adequate system strength within their network. REZ transmission infrastructure will be provided by Network Operators through competitive tenders and it may not be the incumbent TNSP that delivers each REZ. As a result, it may not be clear which TNSP is responsible for delivering system strength within a REZ without some kind of intervention from the Infrastructure Planner.</p> <p>Neoen suggests that this uncertainty can be solved in one of two ways:</p> <p>Option 1: Require bidders for the REZ Infrastructure to include in their bid a price to deliver target system strength for the REZ. This would explicitly make the successful Network Operator in each tender the party responsible for providing System Strength.</p>

	Option 2 (preferred): Have the Infrastructure Planner tender for system strength within each REZ as it is needed. A wider variety of parties including those that are not network companies and who would provide system strength with batteries or other technologies will be in a position to respond to this tender. This broadening of service providers increases flexibility and is likely to produce a better result and lower costs for consumers.
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## Question related to the funding and financing of preparatory activities and development works

<b>Question 4:</b> Does the proposed method appropriately balance the transparency of costs recovered through the Scheme Financial Vehicle against the certainty needed to conduct preparatory activities and development works to deliver timely REZs?	This proposed method is likely to work well.
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## Question related to the funding and financing of preparatory activities and development works

<b>Question 5:</b> What information relating to network options do Long-Term Energy Service Agreement and access right tender participants require to provide sufficient certainty and confidence to participate in the bid processes?	<p>LTES Agreement bidders need strong certainty around the design of REZ infrastructure so they can bid assuming that a detailed network proposal will be delivered. At the very least this would include: timing of construction, substation locations and general arrangements, transmission line centrelines and impedances, and system strength levels to be delivered within the REZ. The majority of this information would need to be provided at least 6-months prior to an LTES Agreement tender closing.</p> <p>As importantly, the Infrastructure Planner and Consumer Trustee need to plan for a scenario where no Network Operators provide bids that can be selected. This could be because none respond, because none respond at a price point that is acceptable, or because the combination of LTES Agreement bids and Network Operator bids do not result in a good outcome with respect to the objectives of the EII Act.</p> <p>The best solution for this uncertainty is to allow LTES Agreement bidders to provide prices both with and without the proposed REZ Infrastructure in place.</p>
<b>Question 6:</b> What eligibility criteria should apply for Network Operators that may be authorised	<p>This depends on the Class of network infrastructure being delivered.</p> <p>For Class 3 and Class 4 infrastructure Neoen suggests that eligibility be set broadly to open the possibility that</p>

to carry out a REZ network infrastructure project?	NEM Participants such as generators and loads can provide Network Services and System Strength Services.
<b>Question 7:</b> What factors should be considered by the Consumer Trustee in recommending that the Minister direct, and by the Minister in directing, a Network Operator to carry out a REZ network infrastructure project under the EII Act?	No response
<b>Questions related to the Transmission Efficiency Test and the Regulator's determination</b>	
<b>Question 8:</b> How can consumer and stakeholder input be considered in the TET and revenue determination processes?	No response
<b>Question 9:</b> Is clarification required with regard to the principles to be taken into account by the Regulator and the Objects of the Act, and are there any additional principles that should be considered by the Regulator?	No response
<b>Question 10:</b> What views do you have on these elements and is there any other guidance that should be included in the TET Guidelines to be developed by the Regulator?	No response
<b>Question 11:</b> Should financeability concerns be addressed in the NSW framework?	<p>Yes, they should be addressed in the framework.</p> <p>Neoen agrees with the view put forward in the paper that competitive processes are likely to result in outcomes that are financeable, as the repayment schedule and rate of return are bid for by Network Operators themselves. Wherever possible competitive processes should be used.</p> <p>Where competitive processes are not possible, then financeability needs to be a central consideration.</p>
<b>Question 12:</b> What views do you have on these elements and is there any other guidance that	No response

should be included in the Guidelines regarding the revenue determination to be developed by the Regulator?	
<b>Question 13:</b> Are there any elements of the AER's approach to assessing and setting regulated revenue requirements which should be modified or added to when considering the framework that will be applied under the EII Act in NSW?	No response
<b>Question 14:</b> What do you think about an incentive scheme to ensure the availability of projects and the timely connection of generators to a REZ by Network Operators? How could that be designed?	No response
<b>Questions related to reviewing a revenue determination</b>	
<b>Question 15:</b> Do you agree there should be limited circumstances in which the Consumer Trustee directs the Regulator to review and remake a revenue determination outside of the five-yearly cycle?	No response
<b>Question 16:</b> Do you agree with the proposed circumstances that the Regulator may adjust a revenue determination during the five-yearly cycle?	No response
<b>Question 17:</b> Is there a need to clarify the process for transitioning of assets between the NSW and national frameworks?	No response
<b>Question 18:</b> Is there a need to clarify the circumstances by which a transfer of network infrastructure from a Network Operator to another person may occur under the EII Act?	No response

## 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.

## Confidentiality and submission publication preferences

Please indicate your publication preferences (select one option only).

☒ **Option 1: Non-confidential submission**

Your submission will be published on the Department's website. Your personal contact information (such as phone number and email address) will be redacted.

☐ **Option 2: Confidential submission**

Your submission will **not** be published on the Department's website. The name of your organisation will be published.

Some confidential submissions **may** be shared with the following entities:

- the Australian Energy Market Operator, Energy Security Board, Australian Energy Market Commission, Australian Energy Regulator, Independent Pricing and Regulatory Tribunal or the Australian Competition and Consumer Commission
- the Clean Energy Finance Corporation or the Australian Renewable Energy Agency or distribution network service providers
- the entities appointed or to be appointed under the EII Act (Consumer Trustee, Financial Trustee, Scheme Financial Vehicle and Regulator).

☐ **Option 3: Anonymous and confidential submission**

Your submission will **not** be published on the Department's website. The name of your organisation will **not** be published.

Your submission will **not** be shared with the with the following entities:

- the Australian Energy Market Operator, Energy Security Board, Australian Energy Market Commission, Australian Energy Regulator, Independent Pricing and Regulatory Tribunal or the Australian Competition and Consumer Commission
- the Clean Energy Finance Corporation or the Australian Renewable Energy Agency or distribution network service providers
- the entities appointed or to be appointed under the EII Act (Consumer Trustee, Financial Trustee, Scheme Financial Vehicle and Regulator).

The Department will redact personal details from submissions made by individuals to protect personal information. In the absence of an explicit declaration to the contrary, the Department will assume that information provided by respondents is not considered intellectual property of the respondent.

The Department may disclose confidential information provided by you to:

- NSW Government departments, NSW Ministers and Ministers' Offices
- the NSW Ombudsman, Audit Office of NSW or as may be otherwise required for auditing purposes or Parliamentary accountability
- 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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