

Infrastructure Safeguard Policy Paper: Consultation submission form

This form is to be used to provide feedback on a series of questions included in the [Infrastructure Safeguard Policy Paper](#) to help inform the development of the regulations. The Infrastructure Safeguard Policy Paper considers detailed policy options to support Part 6 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 Wednesday 27 October** to Electricity.Roadmap@dpie.nsw.gov.au.

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	Mark Waring
Organisation	Walcha Energy
Author title	Director
Phone	
Email	
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 type="checkbox"/> Other (please specify) Click or tap here to enter text.
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Questions

Questions related to the planning for private sector infrastructure investment	
Question 1: What requirements for stakeholder consultation on the Infrastructure Investment Objectives Report should be implemented to ensure the Consumer Trustee's report is informed by the best available information?	<p>The consumer trustee should focus on the risks of early coal-fired generator closures and interrogate existing coal Generators to obtain best available information to understand the risks. Generator fuel costs and future fuel costs, ramping capabilities, breakdown risks need to be monitored and assessed.</p> <p>Prospective new generation connections must be assessed, the amount of new plant that can be hosted by each proposed network development, the costs of the alternative network developments and the speed of delivery of the network augmentations and uprating options.</p> <p>The lead times for long term energy storage projects and synergies with network development projects.</p>
Question 2: How should changes in technology, consumer behaviours, customer investment in generation (e.g. distributed energy resources) and demand uncertainty be treated to determine the requirements for large-scale infrastructure investment?	<p>The grid required to <u>replace fossil fuel generation with renewables and storage should be given highest priority and accelerated, especially REZ connections where wind energy and long term storage are both benefitted. Grid augmentaitons to secure delivery to load centres are also critical to support private renewable energy investments in the REZs. DER should be assumed to continue at a rapid rate at least until 70% saturation. Demand uncertainty is significant in both magnitude and locations. There is strong interest in developing new loads located at or close to ports.</u></p>
Question 3: What assumptions, scenarios or approaches could be prescribed by regulation to encourage an independent Consumer Trustee to make appropriate decisions regarding the treatment of future risks and	<p>The Consumer Trustee will need to evaluate developer announcements and early stage development application submissions to DPIE that involve substantial loads. It would be a mistake to prescribe too much in the initial Regulations.</p>

uncertainties in planning for infrastructure investment?	
Questions related to policy considerations for LTES Agreements	
Question 4: What role could demand response play as 'firming infrastructure' under the EII Act and are any special considerations required in LTES Agreement design?	Firming services provided by BESS need to be properly remunerated in the NEM as well as via arrangements negotiated with variable generation. Major loads such as aluminium smelters have negotiated significant energy cost reductions by entering interruptible load agreements. These need to be replaced within the firming market and have a significant role to play.
Question 5: Other than those prescribed in the EII Act, are further LTES Agreement design principles required to support spot, contract and system service market operation and greater consistency across jurisdictional schemes and, more broadly, innovation over time?	No comment
Questions related to tendering for and recommending LTES Agreements and Access Rights	
Question 6: What do you think is important to include in a regulation to define 'outstanding merit'?	The regulation should clarify that a "renewable energy source" must be a source accredited by a suitable process as being at least 50% renewable. (This might apply for example to an energy from waste facility.) Outstanding merit could arise from environmental benefits such as providing energy for production of hydrogen fuel or for manufacture of "green" materials for use or for export, where the generation is appropriately located at port or source of raw materials not included in a REZ.
Question 7: Are there further matters that should be considered when setting and using REZ access fees?	If the need for new renewable generation becomes urgent, a local solution requiring low or zero or negative access fees could arise.
Questions related to Infrastructure Safeguard Governance and Controls	
Question 8: How should stakeholders be engaged in key processes so as to ensure the ongoing success of the Infrastructure Safeguard according to the objectives of the EII Act?	Stakeholders likely to be impacted by a Consumer Trustee action must be consulted in evaluating whether the action is appropriate so that the consequences of the impacts can be properly assessed. This must apply especially where the stakeholder has invested significantly in a prospectively impacted project and

	where substantial social licence for the stakeholder's development has been won.
Question 9: Where could the regulations provide guidance to the Consumer Trustee in relation to the Risk Management Framework, to increase transparency and confidence for stakeholders?	The Consumer Trustee must aim to secure the highest quality and most appropriate resources of a REZ. Specifically where a REZ is declared over lands where existing developers are already deeply involved in early stage development, the Consumer Trustee should be obliged to consider making special arrangements to secure those resources to be part of the REZ development and to share in the LTESA benefits without delaying their development. Otherwise inferior resources may be developed and the development of superior resources that would bring more benefit to consumers and to the REZ community may be negatively impacted.
Question 10: When should the Scheme Financial Vehicle enter hedging contracts?	No comment.
Question 11: What capabilities will the Consumer Trustee or Financial Trustee need to manage net exposures under hedging contracts and LTES Agreements?	No comment
Question 12: What parameters, principles and structures should be regulated to limit net basis risk exposures for consumers?	No comment

Supporting information

<p>If you have additional information you would like to provide to support your views, please provide it here.</p> <p>If you have additional documents to provide to support your views, please email it with your submission.</p>	<p>Walcha Energy would be pleased to be consulted about social licence issues affecting the development of the southern NEW England REZ as early as possible, ideally before REZ declaration consultation commences as network infrastructure development planning is already well advanced and insufficiently informed consultation could easily impact on the viability of optimal REZ development.</p>
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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
- TransGrid, 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
- TransGrid, 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 the following parties:

- 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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