

Department of Climate Change, Energy, the Environment and Water

Check Up Recommendations Implementation Update

Electricity Supply and Reliability Check Up

December 2024



Acknowledgement of Country



Department of Climate Change, Energy, the Environment and Water acknowledges the traditional custodians of the land and pays respect to Elders past, present and future.

We recognise Australian Aboriginal and Torres Strait Islander peoples' unique cultural and spiritual relationships to place and their rich contribution to society.

Artist and designer Nikita Ridgeway from Aboriginal design agency – Boss Lady Creative Designs, created the People and Community symbol.

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Published by NSW Department of Climate Change, Energy, the Environment and Water

www.dcceew.gov.au

First published: December 2024

ISBN/ISSN: 978-1-76058-821-2

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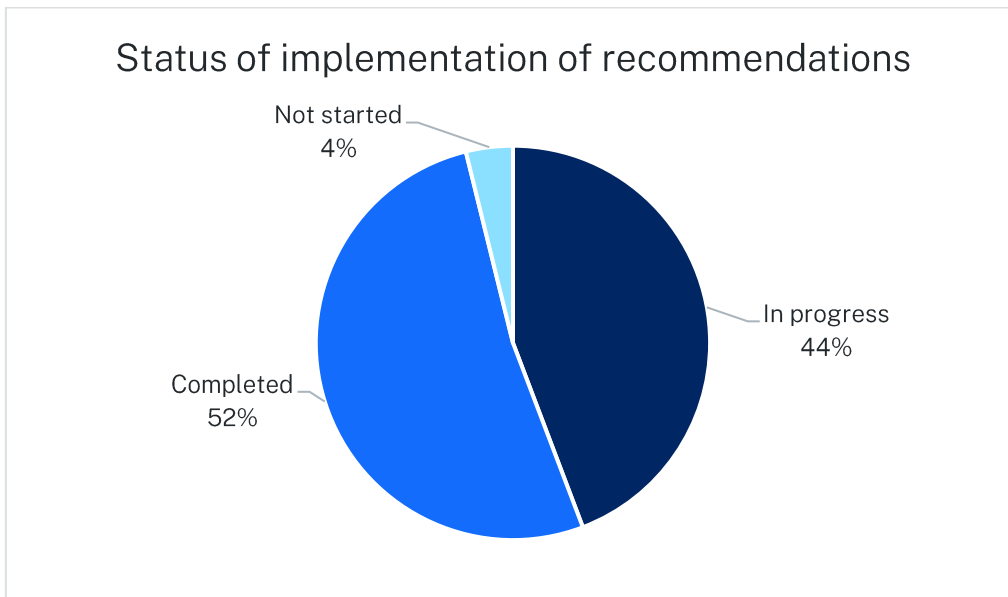
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Introduction

This report provides an update of progress on the implementation of the NSW Government’s response to the Electricity Supply and Reliability Check Up’s recommendations.

Summary of progress

Implementation of the Government’s response to the Electricity Supply and Reliability Check Up’s recommendations is progressing, with 27 recommendations implemented, 23 progressing and 2 not commenced as they are dependent on the outcome of an in-progress recommendation. Two recommendations (10 and 11) were not accepted by the Government.



Key implemented measures

Key measures implemented as at 12 November 2024 as part of the Government’s response to the Check Up include:

- In December 2023, the Minister for Energy directed the Energy Corporation of NSW (EnergyCo) to focus on key Infrastructure Planner functions under the *Electricity Infrastructure Investment Act 2020* up to 30 June 2024. The direction established clear priorities for EnergyCo including the Central-West Orana Renewable Energy Zone, Waratah Super Battery, and Hunter Transmission Project.
- The Electricity Infrastructure Roadmap has been designated a strategic priority of the NSW Government. A whole-of-government Roadmap Steering Committee was established in February 2024, chaired by the Premier's Department, to coordinate implementation actions to support Roadmap delivery across government.

- On 22 May 2024, the NSW Government reached a temporary, targeted agreement with Origin Energy to extend operating Eraring power station until August 2027.
- On 21 June 2024, NSW Parliament passed the *Energy Security Corporation Bill 2024* which established the Energy Security Corporation as an NSW statutory corporation. DCCEEW is working with Treasury to develop the contents of the first investment mandate of the Energy Security Corporation, including projects that can optimise Consumer Energy Resources.
- A formal governing board and associated reporting structure has been established for EnergyCo through amendments to the *Energy and Utilities Administration Act 1987* that commenced on 1 July 2024. A Board comprising 8 members (including the Chairperson) was appointed on the same date.
- Renewable Energy Planning Guidelines for wind and solar energy generation and transmission infrastructure were finalised and published on 12 November 2024. The guidelines form part of the Renewable Energy Planning Framework which has been developed to help NSW transition to renewable energy.

Recommendations Status

Recommendation and Government Response		Status
1	<p>Recommendation: that successful implementation of the Roadmap be added as a strategic priority of the Government.</p> <p>Response: Accept</p> <p><i>Roadmap implementation will be designated as a strategic priority of the Government.</i></p>	Complete
2	<p>Recommendation: the current Electricity Infrastructure Roadmap Intergovernmental Steering Committee (Roadmap SteerCo) be confirmed as having responsibility for coordinating whole-of-government implementation responsibility for the Roadmap. The Roadmap SteerCo should include representatives of critical agencies like Planning, Education, Transport, Treasury, Housing and Regional Development as well as the Roadmap entities. The Committee should provide quarterly status reports to the NSW Secretaries Board and Cabinet, to further support whole-of-Government focus on the Roadmap.</p> <p>Response: Accept</p> <p><i>The Roadmap Steering Committee will also regularly report to Cabinet</i></p>	Complete
3	<p>Recommendation: the Energy Security Target Monitor (ESTM) should be transferred to a NSW agency with a target date of 1 July 2024.</p> <p>Response: Accept</p>	In progress

Recommendation and Government Response	Status
<p>4 Recommendation: the new ESTM should be led by an independent Energy Security Target Commissioner (ESTC) who oversees the Energy Security Target (EST) and reports to the Minister.</p> <p>Response: Accept in part</p> <p><i>The NSW Government supports the transfer of this function but will not create an additional Commissioner role.</i></p>	In progress
<p>5 Recommendation: the ESTM should continue to engage the current monitor, AEMO, for modelling of the Energy Security Target (EST).</p> <p>Response: Accept</p>	In progress
<p>6 Recommendation: consideration should be given to amending the EST methodology to align with the National Electricity Market (NEM) once the current review of the NEM reliability standard by the Australian Energy Markets Commission (AEMC) is complete.</p> <p>Response: Accept</p> <p><i>The NSW Government will assess whether to align the methodology with the national approach once AEMC has made its recommendations on the NEM reliability standard.</i></p>	In progress
<p>7 Recommendation: the Minister should direct EnergyCo under section 8(5) of the <i>Energy and Utilities Administration Act 1987</i> to focus on financial closing of the Central-West Orana REZ, and, if deemed time critical, Priority Transmission Infrastructure Projects like the Waratah Super Battery (WSB) and Hunter Transmission Project (HTP).</p> <p>Response: Accept in part</p> <p><i>The NSW Government will direct EnergyCo to focus on:</i></p> <ul style="list-style-type: none"> • <i>procurement of the Central West Orana REZ, the Waratah Super Battery and the Hunter Transmission Project.</i> • <i>some of its non-procurement activities including administering access schemes, community engagement and funding programs, planning REZ network infrastructure and working as part of the Roadmap SteerCo to coordinate across portfolios on supporting infrastructure within REZ (e.g. housing, roads, telecommunications).</i> <p><i>Activities to progress Hunter Central Coast and New England REZ network projects will continue, with formal procurement for New England REZ subject to the assurance review in response to recommendation 9 below.</i></p> <p><i>The NSW Government will transfer some functions from EnergyCo to the Department, including grants programs for pumped hydro, offshore wind</i></p>	Complete

Recommendation and Government Response	Status
<p><i>policy, and reforms to enable more generation to connect to existing networks.</i></p>	
<p>8 Recommendation: representatives of Energy, Climate Change and Sustainability, Treasury and Infrastructure NSW (INSW) should immediately be appointed as full members of the EnergyCo Advisory Committee (EAC).</p> <p>Response: Not accept</p> <p><i>The NSW Government will establish a formal governance board and associated reporting structure for EnergyCo, to support it moving to a mature operating state with improved decision-making and risk management processes. In the interim, Treasury and OECC will attend EAC meetings.</i></p>	Complete
<p>9 Recommendation: before any procurement processes occur for future REZs, INSW should conduct an Assurance Review of the REZ program and assess procurement approaches and delivery focused structures for EnergyCo.</p> <p>Response: Accept</p> <p><i>INSW, in consultation with Treasury and EnergyCo, will conduct an assurance review on the REZ program, procurement approaches and proposed delivery structure and report back in November 2023.</i></p>	Complete
<p>10 Recommendation: consideration should be given to engaging INSW's Projects NSW division to oversee the construction of the Central-West Orana (CWO) REZ by the first ranked ACE Consortium.</p> <p>Response: Not accept</p> <p><i>The NSW Government wants a delivery-focused EnergyCo to oversee all REZ infrastructure construction and operation. The Central West Orana REZ Network project is an opportunity to build this capability. The NSW Government will leverage relevant INSW expertise to support this, including INSW's continued role as program and project assurer.</i></p>	Not Accepted
<p>11 Recommendation: once the Upper House inquiry into underground transmission is complete, should Transgrid not proceed with a final decision on the HumeLink project, then consideration should be given to directing Transgrid to carry out the project as a Priority Transmission Infrastructure Project under s.34 of the <i>Electricity Infrastructure Investment Act 2020</i>.</p> <p>Response: Not accept</p> <p><i>The Legislative Council has now reported on underground transmission. HumeLink is a Commonwealth and NSW priority and is proceeding under the National Electricity Rules' regime for transmission infrastructure.</i></p>	Not Accepted

Recommendation and Government Response	Status
<p>12 Recommendation: to ensure an alignment of generation and network objectives in the Roadmap, information sharing arrangements between EnergyCo and AEMO Services Ltd (Consumer Trustee) should be enhanced with a Joint Coordination Committee (JCC) of both organisations put in place.</p> <p>Response: Not accept</p> <p><i>The NSW Government supports greater information sharing between Roadmap delivery agencies but does not support an additional committee as the mechanism to achieve this.</i></p> <p><i>The NSW Government will clarify the responsibilities and interactions between the two organisations.</i></p>	In progress
<p>13 Recommendation: once the Central-West Orana REZ (CWO REZ) reaches financial close, a review of the approval process should be conducted to see if there are opportunities to make decisions faster.</p> <p>Response: Accept</p>	In progress
<p>14 Recommendation: the NSW Government together with NSW distribution networks should work with the Australian Energy Regulator (AER) on a common methodology to recover Roadmap costs. The government should closely monitor forward projections on estimated Roadmap recovery costs to ensure that affordability objectives are maintained.</p> <p>Response: Accept</p> <p><i>Under the National Electricity Rules (NER), network tariffs are proposed by distribution businesses and approved by AER. The NSW Government will work with distribution businesses on principles for how best to recover Roadmap contributions through their tariff structures.</i></p>	In progress
<p>15 Recommendation: the exemptions framework for Roadmap costs should be reviewed and also consideration given to including transmission connected businesses to reduce the burden on small customers.</p> <p>Response: Accept</p>	In progress
<p>16 Recommendation: the Electricity Infrastructure Jobs Advocate should immediately brief the Minister for Energy on skills and training requirements and construction and logistic challenges in the Central-West Orana REZ (CWO REZ).</p> <p>Response: Underway</p> <p><i>The Electricity Infrastructure Jobs Advocate has recently provided his second report to the Minister for Energy.</i></p>	In progress

Recommendation and Government Response		Status
	<i>The Minister for Energy and Minister for Skills has convened a roundtable with industry, unions and the skills sector to develop a workforce plan for the NSW renewables sector.</i>	
17	<p>Recommendation: consideration should be given to establishing the proposed Energy Security Corporation (ESC) as a subsidiary of the Clean Energy Finance Corporation (CEFC) with a NSW-appointed board and mandate focused on market needs rather than specific technologies.</p> <p>Response: Accept</p> <p><i>The NSW Government will discuss this potential option with the Clean Energy Finance Corporation and the Australian Government. If supported, the NSW Government will assess this option alongside the other models for delivery of the Energy Security Corporation.</i></p>	Complete
18	<p>Recommendation: under s.21(2)(b) of the <i>Energy and Utilities Administration Act 1987</i>, the Minister should commission an expert review of current Transmission Planning arrangements in NSW to reduce duplication and advise on best approach to ensuring coordination between the Roadmap bodies (EnergyCo, TransGrid, AEMO, AEMO Services).</p> <p>Response: Accept</p>	In progress
19	<p>Recommendation: consideration should be given to ensuring a new REZ requirement for final design and interface with the shared network to be reviewed by TransGrid.</p> <p>Response: Accept</p>	In progress
20	<p>Recommendation: that given the proposed closure of the Eraring generator is now less than two years away, the NSW Government should consider new modelling on the affordability impacts of the proposed closure of Eraring in August 2025 on NSW and NEM customers.</p> <p>Response: Accept</p>	Complete
21	<p>Recommendation: that engagement begin with Origin Energy on an extension of the Eraring coal plant beyond 2025.</p> <p>Response: Accept</p>	Complete
22	<p>Recommendation: that the Government seek clarity from Origin Energy on Eraring to provide certainty for workers and suppliers.</p> <p>Response: Accept.</p>	Complete
23	<p>Recommendation: that Origin Energy be required to demonstrate any claims about the extension of Eraring to the Energy Security Target</p>	Complete

Recommendation and Government Response	Status
<p>Monitor (ESTM) and provide all information required to verify those claims to the ESTM.</p> <p>Response: Accept</p>	
<p>24 Recommendation: that an Orderly Exit Mechanism (OEM) for future generation exits continue to be progressed through National Electricity Market (NEM) forums by NSW.</p> <p>Response: Accept</p>	In progress
<p>25 Recommendation: that NSW simultaneously progress a “NSW Responsible Exit Policy” under which any market participant in NSW proposing to retire existing generation capacity, or part thereof, above a firm generation capacity of 600 megawatts be required to submit their plans to the ESTM at least three years prior to the proposed retirement.</p> <p>Response: Accept</p>	Not Started (Dependent on outcome of recommendation 24)
<p>26 Recommendation: that compliance with the Responsible Exit Policy be a requirement for participation in Consumer Trustee Long-Term Energy Service Agreements (LTESA) auctions.</p> <p>Response: Accept</p>	Not Started (Dependent on outcome of recommendation 24)
<p>27 Recommendation: that the NSW Government immediately review the regulations supporting the Energy Security Target Monitor (ESTM) to address recommendations in the ESTM 2022 report to consider risks associated with interconnectors and short-duration storage.</p> <p>Response: Accept</p>	Complete
<p>28 Recommendation: that considering the slow development of long-duration storage (LDS), the Government commission a review by the Consumer Trustee into the storage requirements of the NSW market and consider amendments to the definition of LDS in the Roadmap legislation.</p> <p>Response: Accept</p>	Complete
<p>29 Recommendation: that the Government engage a technical expert to advise on whether additional renewable generation projects can be developed on the existing transmission and distribution grid through small network enhancements.</p> <p>Response: Accept</p> <p><i>Network businesses decide whether there is adequate hosting capacity to offer a network connection agreement to applying generators and have dedicated network planning teams to identify potential upgrades. NSW Government experts will work with network businesses' planning teams to</i></p>	Complete

Recommendation and Government Response	Status
<p><i>identify the areas of the existing network with opportunities to connect more generation projects.</i></p>	
<p>30 Recommendation: if the technical expert confirms hosting capacity on the transmission and distribution grid is available, some funding from the Transmission Acceleration Facility (TAF) be repurposed to allow for a contestable bid for enhancements run by the Consumer Trustee in consultation with EnergyCo. NSW transmission and distribution companies should also be required to publish generation hosting capacity.</p> <p>Response: Accept</p> <p><i>The NSW Government will request Essential Energy, Ausgrid, Endeavour Energy and TransGrid publish spatial information about the hosting capacity of their networks on a centralised website. This website will also include locations where network businesses have identified upgrades to enhance this hosting capacity as part of their annual planning reports.</i></p> <p><i>It is not clear that network businesses or generation developers need access to government finance to accelerate the construction of small network upgrades. If government finance is required, the NSW Government will explore this option as well as alternatives including the Energy Security Corporation and the Commonwealth's Grid Reliability Fund. Once the appropriate finance mechanism is determined, the Government will consider options for a procurement process.</i></p>	In progress
<p>31 Recommendation: that an NSW Consumer Energy Resources (CER) Strategy be prioritised by the Department to better integrate CER into the supply mix by 2030. The strategy should ensure common technical standards for CER and set targets for uptake of technologies such as smart meters and distributed batteries.</p> <p>Response: Accept</p> <p><i>The NSW Government will release a NSW Consumer Energy Resources (CER) strategy.</i></p>	Complete
<p>32 Recommendation: that eligibility for the Peak Demand Reduction Scheme (PDRS) be expanded to include use of batteries, virtual power plants (VPPs) and other measures that help reduce peak demand.</p> <p>Response: Accept</p>	Complete
<p>33 Recommendation: that the investment mandate of the proposed Energy Security Corporation (ESC) includes CER optimisation projects on the distribution grid.</p> <p>Response: Accept</p>	In progress

Recommendation and Government Response	Status
<p><i>The NSW Government will consider including this in the Energy Security Corporation's investment mandate as part of the design of the Corporation.</i></p>	
<p>34 Recommendation: that given NSW will have seven gas plants by the end of 2024, AEMO be commissioned to undertake an NSW gas infrastructure review to advise whether additional storage will be required for those generators given an impending supply gap in east coast gas markets.</p> <p>Response: Accept</p>	In progress
<p>35 Recommendation: that consideration be given to NSW Government participation in the Wholesale Demand Response Mechanism (WDRM) as a leadership example to other large users.</p> <p>Response: Accept</p> <p><i>The NSW Government will task agencies with large electricity loads to investigate the feasibility of demand response in their operations.</i></p>	In progress
<p>36 Recommendation: that EnergyCo establish a REZ network infrastructure Consumer Consultation Council (RCCC) that includes the Australian Energy Regulator (AER), Energy, Climate Change and Sustainability and small and large consumer groups to discuss Roadmap cost pass-through forecasts arising from Roadmap projects. This would be modelled on network company consumer consultative councils.</p> <p>Response: Complete</p> <p><i>The Department already convenes a Consumer Reference Group to inform and consult consumer representatives on Roadmap progress and associated consumer costs and benefits. EnergyCo and AER will use this forum to discuss cost pass through forecasts for REZ network infrastructure.</i></p>	Complete
<p>37 Recommendation: to complement the on-the-ground presence of EnergyCo in the REZs, consideration be given to a broader public information campaign to explain the Roadmap and promote its benefits and opportunities.</p> <p>Response: Accept</p> <p><i>The Department will work with Roadmap entities to improve the information resources available to stakeholders and the broader public about the Roadmap and the electricity system transition.</i></p>	In progress
<p>38 Recommendation: that an expansion of Essential Energy's apprenticeship program in regional NSW be supported to help build the skills required for the energy transition.</p> <p>Response: Accept</p>	In progress
<p>39 Recommendation: that more consistency in the development assessment process for renewable energy in NSW be established through clear</p>	Complete

Recommendation and Government Response		Status
	<p>guidelines for wind, utility solar, transmission and storage projects. That standard guidelines also be issued for community benefit sharing.</p> <p>Response: Accept</p>	
40	<p>Recommendation: that a regular forum for engagement on those guidelines be established by Department of Planning and Environment (DPE) involving Energy, Climate Change and Sustainability, EnergyCo and the clean energy industry.</p> <p>Response: Accept</p>	Complete
41	<p>Recommendation: that decommissioning plans be a part of all future renewable project approvals and that these be supported by remediation bonds at an agreed point in the project life.</p> <p>Response: Accept in part</p> <p><i>DPE will continue to set objective-based conditions on wind and large-scale solar projects to ensure they are decommissioned and rehabilitated. The NSW Government will investigate the potential cost of decommissioning and evaluate whether decommissioning bonds should be required.</i></p>	Complete
42	<p>Recommendation: that standard landholder agreement templates be available from the Department of Planning and Environment's (DPE) website.</p> <p>Response: Accept</p>	Complete
43	<p>Recommendation: that the Roadmap Intergovernmental Steering Committee (RISC) develop a whole of government plan for addressing community and workforce infrastructure needs and investments in the construction phase of the Central-West Orana (CWO) Zone. That a transport and logistics plan also be developed by RISC for CWO.</p> <p>Response: Accept</p>	Complete
44	<p>Recommendation: that selected REZ generation projects be considered for Critical State Significance Infrastructure (CSSI) where they provide system security services and enjoy community support.</p> <p>Response: Accept</p>	Complete
45	<p>Recommendation: that EnergyCo establish high-profile offices in the REZs and look to increase local recruitment.</p> <p>Response: Underway</p>	In progress
46	<p>Recommendation: that the funding agreement between DPE and EnergyCo for faster planning approvals in REZs be expanded, and a coordinated approach taken to cumulative impacts and biodiversity assessments.</p>	In progress

Recommendation and Government Response		Status
	Response: Accept	
47	<p>Recommendation: that funding and resourcing of the Energy and Resources team in the Department of Planning and Environment (DPE) be increased.</p> <p>Response: Accept</p>	Complete
48	<p>Recommendation: that EnergyCo, DPE and REZ generators establish coordinated approaches to benefit sharing funds, complaints, and community engagement in the REZs.</p> <p>Response: Accept</p> <p><i>EnergyCo will coordinate community benefit sharing, complaints and community engagement where appropriate.</i></p> <p><i>Planning will also develop guidelines to encourage benefit sharing schemes through the planning system.</i></p> <p><i>EnergyCo will administer its own regional benefit-sharing programs within REZ and coordinate its initiatives with local government and the clean energy industry.</i></p>	In progress
49	<p>Recommendation: that an updated local content policy for REZ infrastructure be developed by the RESB together with the Roadmap Steering Committee and be subject to a cost-benefit assessment.</p> <p>Response: Accept</p>	Complete
50	<p>Recommendation: that the Renewable Energy Sector Board (RESB) be supplemented by a sub-committee of the Roadmap Steering Committee (RISC) focused on local content opportunities identified by the RESB.</p> <p>Response: Accept</p>	Complete
51	<p>Recommendation: that a future-looking study on the electricity infrastructure required to support a hydrogen industry in NSW be undertaken which addresses options for funding the infrastructure outside the Roadmap.</p> <p>Response: Accept</p>	Complete
52	<p>Recommendation: that consideration be given to complementing the Strategic Benefit Payments Scheme (SBPS) with an NSW framework for neighbours and visual impacts.</p> <p>Response: Accept</p>	In progress
53	<p>Recommendation: that NSW consider the recommendations of the Australian Energy Infrastructure Commissioner's (AEIC) Community Engagement Review to be released later this year.</p>	In progress

Recommendation and Government Response	Status
<p>Response: Accept</p>	
<p>54 Recommendation: that the First Nations Clean Energy Network (FNCEN) or other appropriate representative bodies, be included in the Roadmap Steering Committee and Local Content Sub-committee.</p> <p>Response: Accept</p> <p><i>The Roadmap SteerCo will include a representative from NSW Aboriginal Affairs.</i></p> <p><i>The NSW Government will require agencies to seek First Nations, representation on Roadmap committees involving community engagement, and benefit sharing, consumer impacts and workforce and supply chain development.</i></p>	<p>Complete</p>