
EnergyCo



Report on EnergyCo's functions as the infrastructure planner

Financial Year 2021/22





Acknowledgement of Country

The Energy Corporation of New South Wales acknowledges that it stands on Aboriginal land. We acknowledge the Traditional Custodians of the land and we show our respect for Elders past, present and emerging through thoughtful and collaborative approaches to our work, seeking to demonstrate our ongoing commitment to providing places in which Aboriginal people are included socially, culturally and economically.

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Introduction

Report requirement

Under the *Electricity Infrastructure Investment Act 2020 (EII Act)*, the infrastructure planner must, as soon as reasonably practical after the end of each financial year, provide the regulator with a report on the exercise of the body's functions under the EII Act during the financial year¹.

The purpose of this report is for the Energy Corporation of New South Wales (**EnergyCo**) to address this requirement for the financial year 2021/22 (**FY21/22**).

EnergyCo's purpose

The Electricity Infrastructure Roadmap (the **Roadmap**) is the NSW Government's plan to transform our electricity sector to be cheaper, cleaner and more reliable. It will directly support the development of new electricity infrastructure in NSW. The Roadmap will unlock up to \$32 billion in private investment in regional energy infrastructure to 2030, including in strategically planned and coordinated Renewable Energy Zones (**REZs**).

The EII Act requires the NSW Government to deliver five REZs located in the Central-West Orana, New England, South West, Hunter-Central Coast and Illawarra regions of NSW. These REZs are intended to support a minimum 12 gigawatts of new generation and 2 gigawatts of long duration storage capacity by 2030 and further investment to 2040.

EnergyCo is also available to advise the Minister on priority transmission infrastructure projects (PTIPs) under the EII Act and perform the role of infrastructure planner in respect of those projects if appointed to that role by the Minister. PTIPs are network infrastructure projects located in NSW and identified in the Australian Energy Market Operator's (**AEMOs**) Integrated System Plan (**ISP**), and which are not REZ network infrastructure that the Minister determines should proceed to regulatory approval and be construction via the PTIP process under the EII Act rather than under the National Electricity Rules.

EnergyCo is a corporation constituted under the *Energy and Utilities Administration Act 1987*. Under section 23(5) of the EII Act, the Minister for Energy is to appoint EnergyCo as the infrastructure planner for each of the five REZs.

EnergyCo's role is to maximise the opportunities created by the transformation of the NSW electricity system by assessing and recommending projects to coordinate generation and network investment in REZs and, as required, PTIPs across NSW. EnergyCo will help channel investment in solar and wind farms and storage such as batteries and pumped hydro to places best suited to host it. In our regions, it will generate profound economic opportunities as cheap renewable energy underpins new low carbon industries such as green hydrogen, manufacturing and metals production.

This includes overseeing network infrastructure design and network access, implementing best practice community engagement and working with local stakeholders to maximise regional benefits and foster community support for new REZ infrastructure and PTIPs.

¹ Electricity Infrastructure Investment Act 2020, section 70(1).

Strategic land use planning is a key objective of the REZ program and a key consideration for PTIPs, and EnergyCo will continue comprehensive community consultation to ensure REZ and PTIP development complements existing primary, agricultural and other land uses, and new infrastructure is built in the right places for communities.

EnergyCo's responsibilities

EnergyCo's responsibilities include contributing to the strategic, holistic planning for each REZ and coordinating the technical design of REZs in consultation with the AEMO, Transgrid as the jurisdictional planning body for NSW, program partners and generators.

This includes making recommendations to strategically improve electricity networks and network solutions including technology solutions that could optimise the design and performance of REZs or provide additional system strength and reliability to regional areas.

EnergyCo will lead community and stakeholder engagement activities to support REZ delivery. This means delivering tangible benefits for First Nations people and communities and promoting local development opportunities through engagement with local communities and industry.

EnergyCo will design and recommend the required network infrastructure projects for the REZs and work with parties such as the consumer trustee, AEMO, Transgrid, Network Operators, Distribution Network Service Providers, local councils and key community and industry groups to ensure the new network infrastructure to support the REZs is constructed most effectively. We will do this in a way that seeks to minimise impacts to and maximise opportunities for local communities, industries and workers.

EnergyCo will oversee the implementation of the REZ access framework for access schemes declared by the Minister, including assisting with the tender processes for access that deliver benefits to generators and to the communities where the REZs are located.

If appointed as Infrastructure Planner for a PTIP EnergyCo's responsibilities are similar although generally the PTIPs serve and expand core network functions and functionality rather than the connection of new renewable generation in virtual power stations like REZs.

Functions under the EII Act

Infrastructure planner functions, achievements and information relevant to FY21/22

This section sets out:

- our functions under the EII Act;
- whether and how we have exercised those functions in FY21/22; and
- information about the exercise of those functions in FY21/22 that EnergyCo considers would be useful to help the Minister and the public understand EnergyCo's work as the infrastructure planner.

Refer to Table 1 for details.

Table 1: Renewable Energy Zones: Infrastructure planner functions and achievements under the EII Act for FY21/22.

Section	Description	Date	Achievement
23(5)	The Minister is to appoint the Energy Corporation as the infrastructure planner for the Central-West Orana, New England, South West, Hunter-Central Coast and Illawarra REZs.	November 2021	EnergyCo was appointed as the infrastructure planner for the Central-West Orana REZ ² .
		December 2021	EnergyCo was appointed as the infrastructure planner for the New England REZ ³ .
		April 2022	EnergyCo is identified for appointment as the infrastructure planner for the South-West REZ in the South-West REZ draft declaration ⁴ .
24(5)(b)	The Minister may declare access scheme for REZs that may specify how access rights are to be conferred on participants including contractual arrangements with the infrastructure planner.	NA	No access schemes were formally declared in FY21/22, and no contractual arrangements were made between participants and the infrastructure planner. EnergyCo was involved in the development of the draft Central-West Orana REZ Access Scheme Declaration during FY21/22

² https://gazette.legislation.nsw.gov.au/so/download.w3p?id=Gazette_2021_2021-569.pdf

³ https://gazette.legislation.nsw.gov.au/so/download.w3p?id=Gazette_2021_2021-643.pdf

⁴ <https://www.energy.nsw.gov.au/sites/default/files/2022-03/Draft%20South-West%20REZ%20Declaration.pdf>

Section	Description	Date	Achievement
			(subsequently published for consultation in July 2022 ⁵).
24(6)(a)	The Minister may declare access scheme for REZs, before making a declaration the Minister must consult with the infrastructure planner.	NA	No access schemes were formally declared in FY21/22. EnergyCo was involved in the development of the draft Central-West Orana REZ Access Scheme Declaration during FY21/22 (subsequently published for consultation in July 2022 ⁶).
29	Orders prohibiting connection to network infrastructure:	NA	NA
29(1)	The infrastructure planner may prohibit the relevant operator from allowing a proponent to connect.		
29(3)	Before making an order the infrastructure planner must seek and consider submissions.		
29(4)	The infrastructure planner must not make an order unless satisfied.		
29(6)	The infrastructure planner is to publish guidelines on its website about the exercise of its functions.	June 2022	EnergyCo published the draft guidelines on orders prohibiting connection to network infrastructure in REZs. Feedback was sought on the draft guidelines from 1 June until 29 June 2022 ⁷ .
29(7)	EnergyCo is appointed as the infrastructure planner to exercise the functions under this section.	Refer to section 23(5) above.	Refer to section 23(5) above.
30	Infrastructure planner to recommend REZ network infrastructure projects.	NA	No recommendations were made to the consumer trustee in FY21/22. EnergyCo will do this by incorporating the latest information from industry registration of interest processes, network modelling, resource mapping, land-use planning, and stakeholder consultation, to design network infrastructure solutions that deliver optimal benefits.
30(1)	The infrastructure planner is to assess and make recommendations to the consumer trustee.		
30(2)	The infrastructure planner is to consider the following options, staging and sequencing, funding/procurement/cost recovery, and other matters prescribed in		Industry registration of interest processes have been completed for all five NSW REZs ⁸ .

⁵ <https://www.energy.nsw.gov.au/sites/default/files/2022-07/draft-cwo-rez-access-scheme-declaration.pdf>

⁶ <https://www.energy.nsw.gov.au/sites/default/files/2022-07/draft-cwo-rez-access-scheme-declaration.pdf>

⁷ <https://www.energyco.nsw.gov.au/get-involved/industry-engagement>

⁸ <https://www.energyco.nsw.gov.au/index.php/renewable-energy-zones>

Section	Description	Date	Achievement
	regulations.		
30(3)	The infrastructure planner must consult with AEMO, relevant operators in the REZ, and each local council in the REZ.		
30(4)	The infrastructure planner must make recommendations within the period specified by the consumer trustee.		
63	Infrastructure planner	Refer to section 23(5) above.	Refer to section 23(5) above.
63(4)	The infrastructure planner has the function to make and enter into contracts or other agreements, to coordinate REZ generation, storage and network infrastructure, and other functions prescribed by the regulations or conferred or imposed under this or another Act or law.		Further, during FY21/22: <ul style="list-style-type: none"> EnergyCo commenced investigation, planning and co-ordination works for the design of the Central-West Orana REZ and a process to select the network operator⁹. EnergyCo commenced investigation and planning works for the New England, South-West, Hunter-Central Coast and Illawarra REZs¹⁰.
63(5)	If EnergyCo is appointed the infrastructure planner, they have the functions modified by the regulations as under the <i>Energy and Utilities Administration Act 1987</i> .		<ul style="list-style-type: none"> EnergyCo progressed the competitive selection process for the Central-West Orana REZ network operator role by short-listing three experienced and qualified tenderers¹¹. Our proposed infrastructure development plans will be documented in the Network Infrastructure Strategy, with public consultation planned to commence in September 2022. This document aims to provide investor guidance (for generator and storage proponents, and network operators); co-ordination of electricity infrastructure development; and an opportunity for meaningful engagement with stakeholders.
70(1)	Annual reports. The infrastructure planner must, as soon as reasonably practical after the end of each financial year provide the	August 2022	This report is in response to this requirement.

⁹ <https://www.energyco.nsw.gov.au/node/251>

¹⁰ <https://www.energyco.nsw.gov.au/index.php/renewable-energy-zones>

¹¹ <https://www.nsw.gov.au/media-releases/central-west-orana-renewable-energy-zone-tender-shortlist-announced>.

Section	Description	Date	Achievement
	regulator with a report on the exercise of its functions under the EII Act during the financial year.		
71(2)	The infrastructure planner may delegate its functions, other than this power of delegation, to any person	NA	NA

Priority Transmission Infrastructure Projects: EnergyCo functions and achievements under the EII Act for FY21/22

In FY21/22 the Minister of Energy did not appoint any party as Infrastructure Planner for any PTIPs. However as a result of Origin Energy’s February 2022 announcement of the potential early closure of the Eraring Power Station the Expenditure Review Committee of Cabinet agreed that the Waratah Super Battery and Hunter Transmission projects should be accelerated. The Minister asked EnergyCo to do this work. It is of note that in early August 2022 the Minister formally appointed EnergyCo to be the Infrastructure Planner for both of these projects.

Information about EnergyCo’s plans for FY22/23

This section sets out:

- information about EnergyCo’s plans for FY22/23 which may be of use or interest to IPART as regulator and the Minister.

Refer to Table 2 for details.

Table 2: Infrastructure planner plans under the EII Act for FY22/23.

Section	Description	Plans
23(5)	The Minister is to appoint EnergyCo as the infrastructure planner for the Central-West Orana, New England, South West, Hunter-Central Coast and Illawarra REZs.	It is expected that EnergyCo will be appointed as the infrastructure planner for the South West, Hunter-Central Coast and Illawarra REZs in accordance with the requirements in the EII Act.
24(5)(b); (6)	The Minister may declare access schemes that are to apply to REZs or part of REZs.	EnergyCo plans to progress the design of the Central-West Orana REZ access scheme declaration and participate in the consultation process prior to the Minister’s declaration.
29	The infrastructure planner is to publish guidelines about orders prohibiting the connection of a proponent to network infrastructure within a REZ.	EnergyCo plans to publish the final guidelines.
30	The infrastructure planner is to assess and make recommendations to the	EnergyCo will progress the design and assessment of REZ network infrastructure projects. This includes the planned development of the Central-West Orana REZ network

	consumer trustee about REZ network infrastructure projects.	infrastructure project and make recommendations to the consumer trustee. EnergyCo's recommendations must meet the requirements of the <i>Electricity Infrastructure Investment Regulation 2021</i> made under the EII Act.
63(1)	The Minister is to appoint a person as the infrastructure planner.	EnergyCo has been appointed the infrastructure planner for the Waratah Super Battery and Hunter Transmission projects and will in accordance with the instruments of appointment progress the design and assessment of those priority transmission infrastructure projects.
63(4)	The infrastructure planner has the function to make and enter into contracts or other agreements and to coordinate generation, storage and network infrastructure.	EnergyCo as infrastructure planner will progress the competitive network operator selection process for the Central-West Orana REZ. It will also undertake competitive procurement processes for the appointment of one or more service providers for the Waratah Super Battery project and make recommendations to the Minister for a network operator to carry out that project. This includes the development of contracts or other agreements as the infrastructure planner.
70	After the end of each financial year, the infrastructure planner must provide the regulator with a report on the exercise of its functions under the EII Act.	A report on EnergyCo's functions as the infrastructure planner for FY 22/23 will be provided to IPART as soon as practicable after the end of FY22/23.
71(1)	The Minister may delegate a function of the Minister under the EII Act, other than this power of delegation, to any person	It is proposed that the Minister delegate certain consultation functions of the Minister under the EII Act to EnergyCo. This includes functions required to progress priority transmission infrastructure projects.

More information

- [Electricity Infrastructure Investment Act 2020](#)
- [Electricity Infrastructure Roadmap webpage](#)
- [Electricity Infrastructure Roadmap detailed report](#)
- [About EnergyCo](#)
- [Renewable Energy Zones webpage](#)
- [EnergyCo projects](#)



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