



Roadmap Annual Report

Functions under the *Electricity Infrastructure Investment Act 2020* for 2023-24

Report to the Minister

October 2024

Energy »

Acknowledgment of Country

IPART acknowledges the Traditional Custodians of the lands where we work and live. We pay respect to Elders both past and present.

We recognise the unique cultural and spiritual relationship and celebrate the contributions of First Nations peoples.

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The Independent Pricing and Regulatory Tribunal

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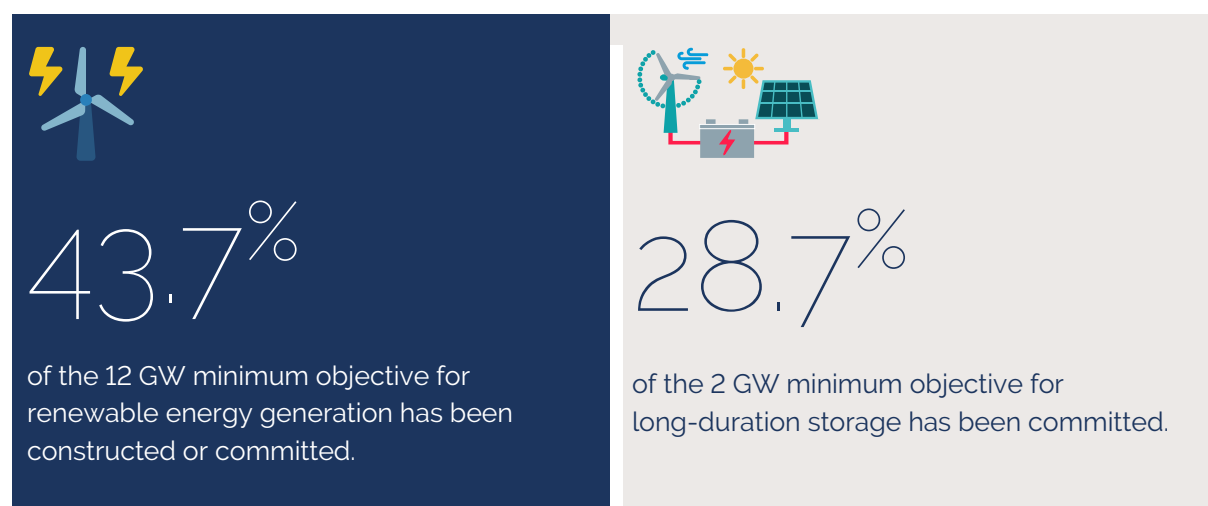
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1 Executive Summary

1.1 Introduction

The [Electricity Infrastructure Roadmap](#) (Roadmap) is the NSW Government's plan to transform the NSW electricity system into one that is affordable, clean and reliable as ageing coal-fired power plants retire. The Roadmap is given effect through the [Electricity Infrastructure Investment Act 2020](#) (EII Act) and [Electricity Infrastructure Investment Regulation 2021](#) (EII Regulation).

To date, 43.7% of the 12 gigawatts (GW) minimum objective for renewable energy generation and 28.7% of the 2 GW minimum objective for long-duration storage has been committed for delivery by 2030.¹ While the Roadmap is still in its early stages of delivery, we expect that future annual reports will be able to track completion of committed projects and monitor progress toward the 2030 delivery date.



When we delivered our first 2 annual reports for FY 2021-22 and FY 2022-23, the Roadmap was still in an establishment phase. The Roadmap is now in full operation:

- All entities have been appointed and the 5 renewable energy zones (REZs) declared.^a
- The Electricity Infrastructure Fund has been established to finance the Roadmap.
- The Consumer Trustee has completed competitive tender rounds to seek investment in generation, firming and long-duration storage infrastructure.
- The Scheme Financial Vehicle has executed the long-term energy service agreements (LTESAs) from these tender processes.
- The AER has made contribution determinations setting out the costs of implementing the Roadmap to be recovered from distribution network providers (and subsequently from electricity customers).

^a The 5 declared REZs are Central-West Orana, New England, South West, Hunter-Central Coast and the Illawarra.

1.1.1 Progress during 2023-24



In FY 2023-24, a focus of the Roadmap has been establishing access rights through access schemes. Access right holders will pay access fees that include funds for community benefit and employment purposes in the region.

Access rights to a REZ allow generation and storage projects to connect to network infrastructure in a way that maintains an efficient level of use of the network infrastructure. Although no access rights have been granted yet, the access rights application and tender processes are in progress for the Central-West Orana and South West REZs. We anticipate that the Infrastructure Planner will grant access rights in FY 2024-25.

There has been additional work to attract more investment in electricity infrastructure in FY 2023-24. The Consumer Trustee has completed another 3 tender rounds, and the Scheme Financial Vehicle has executed 13 more LTESAs during this period, to a total of 17 LTESAs for firming, long-duration and generation infrastructure awarded to date.

The Consumer Trustee authorised 2 network infrastructure projects in the Central-West Orana REZ. This is an important step in the delivery of the Roadmap, as the infrastructure is essential for generators to connect and deliver electricity from the Central-West Orana REZ. Completion of the network infrastructure and initial generation is expected for 2028.²

The AER made its second contribution determination in February 2024, to determine amounts payable by distribution network businesses to cover the costs of implementing the Roadmap in 2024-25. The total \$341.24 million will be recovered by network operators through their 2024-25 network charges to customers.³

The AER has also made revenue determinations for the Waratah Super Battery and determined that \$710.98 million is payable to the network operator (Transgrid) over a 7-year period, to cover the reasonable, prudent and efficient costs of delivering the project.⁴



13 long-term energy service agreements awarded



2 network infrastructure projects authorised in Central-West Orana REZ



Cost of implementing the Roadmap determined to be \$341 million in 2024-25

Roadmap funding arrangements were established in FY 2022-23, to strengthen governance and manage the financial risk to electricity consumers, who will fund the Roadmap through electricity fees.

IPART (in its role as one of the Regulators) published our audit plan that sets out the routine performance audits of the Financial Trustee and Scheme Financial Vehicle in FY 2024-25. This audit is important to give confidence to Government and consumers that the financial entities established under the Roadmap are carrying out their functions individually and cooperatively. It is the first of a series of audits to be undertaken by IPART to support the efficient delivery of the Roadmap for the benefit of citizens and consumers.

The NSW Environment Protection Authority (EPA) was officially appointed as a Regulator by the Minister on 12 July 2024⁵ for the purpose of ensuring firming infrastructure operators in NSW meet their greenhouse gas emissions intensity obligations.

1.1.2 Local content and First Nations communities' commitments made

The Consumer Trustee and Infrastructure Planner provided information on local content commitments made and on the First Nations communities' commitments.⁶



1.2 Minister's information requirement

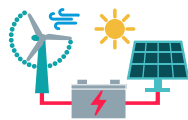
This annual report contains information required by the Minister.⁷ In particular, the Minister asked for information on commitments and outcomes to local content for Roadmap projects and for First Nations communities. We address the Minister's information requirement in more details in **Chapter 3**

Local content and First Nations communities' commitments

The Consumer Trustee reports that the % of the total project contract value awarded in FY 2023-24 for:

- local content was approximately 32%
- First Nations participation was approximately 1%.⁸

The Infrastructure Planner reports that the following contracts have committed to minimum targets for local content, learning workers^b and underrepresented workers, and Aboriginal communities' participation, that are consistent with the requirements in the Renewable Energy Sector Board's Plan:



- Network infrastructure contracts with ACERES consortium
- Access agreements (yet to be awarded)
- Waratah Super Battery contract with Transgrid.⁹

The Infrastructure Planner did not provide any quantitative information.

Information on corresponding results delivered or achieved from the commitments made to local content and First Nations communities', was not available for inclusion in this report because projects had not yet delivered or the information was considered to be commercial in confidence.

For future annual reports, we expect to report more information in line with the Minister's information request. There is a need to balance the confidentiality of community commitments and benefit outcomes from Roadmap projects, with the transparency and accountability for customers and the affected communities.

We expect reporting of minimum local content outcomes against projects for which LTESAs were awarded to become available once these projects progress beyond the early stages. Under project development agreements and LTESAs, the project counterparty must provide regular reports on delivering against project outcomes to the Scheme Financial Vehicle. Similarly, we expect that the Infrastructure Planner will monitor delivery of commitments made for network projects as they progress, and through access scheme agreements once the contracts are executed in FY 2024-25.

A copy of the Minister's information requirement is in **Appendix B**.

^b Learning work is a worker without qualifications or who needs to update their qualifications or skills to meet the needs of the infrastructure project. This includes trainees and apprentices. The Renewable Energy Sector Board Plan has more details.

1.3 Approach

Under the EII Act, IPART must prepare an annual report on the exercise of functions by key Roadmap entities i.e. the Infrastructure Planner, Consumer Trustee, Financial Trustee and Regulators. In this, IPART's third annual report to the Minister, we report on progress made by the Roadmap entities in carrying out their respective functions during the 2023-24 financial year (FY 2023-24).

Our annual report is based on the information provided by each entity's report to us, and additional information and clarification from each entity sought by us in subsequent correspondence. We have also used publicly available information to provide context to the report where necessary. Each entity's section 70(1) report is available on [IPART's website](#).

This annual report includes analysis and commentary based on the information entities provided to us. Where an entity has exercised a function that has resulted in an output (e.g. a report or guideline which is publicly available) we have verified that the output has been delivered. We have not reviewed or assessed compliance with the requirements of the EII Act or EII Regulation or the quality of the output. The EII Act establishes specific review and approval functions for key outputs which should be relied upon for this purpose. IPART will consider the compliance and effectiveness of entities in undertaking their legislated functions when undertaking performance audits, as set out separately under the EII Act.



1.4 Structure

Chapter 2 provides an overview of the Roadmap entities' roles and a summary of the key Roadmap developments in FY 2023-24.

Chapter 3 addresses the Minister's information requirement.

Chapters 4 to 9 report on each entity's exercise of their functions under the EII Act for FY 2023-24.

Appendix A provides a glossary of terms.

Appendix B provides the Minister's information requirement.

Appendix C provides the Department of Climate Change, Energy, the Environment and Water's (the Department) MERI indicators report.

Appendix D provides tables of functions for each entity, which present information on:

- how the entity exercised each of its functions in FY 2023-24
- an explanation of why certain functions were not, or could not, be carried out in FY 2023-24
- forward-looking information relating to functions expected to be exercised in FY 2024-25.

2 Key Roadmap developments

The NSW Government released the Electricity Infrastructure Roadmap (Roadmap) in 2020 as a plan to transform the NSW electricity system into one that is cheap, clean and reliable.¹⁰

The Roadmap aims to deliver by 2030 at least



The Roadmap aims to deliver at least 12 gigawatts (GW) of renewable energy generation and at least 2 GW of long-duration storage by 2030, in response to the retirement of ageing coal-fired generation plants and a congested transmission system. These generation and storage assets are expected to be concentrated within declared Renewable Energy Zones (REZs) where there is the greatest potential for renewable energy sources, such as wind and solar. To date, 43.7% of the 12 GW minimum objective for renewable energy generation has been expected and constructed. Also, 28.7% of the 2 GW minimum objective for long-duration storage has been expected and constructed.¹¹

The Roadmap also aims to ensure that investment from businesses and Government supports new jobs and industries for the regions, including employment and income opportunities for Aboriginal and Torres Strait Islander people.

The sections below provide an overview of the Roadmap entities' roles and key developments in delivering the Roadmap in FY 2023-24.

2.1 Roadmap entities' roles

The Roadmap is set out in the *Electricity Infrastructure Investment Act 2020* (EII Act), which identifies the entities that have responsibilities to deliver the Roadmap, and the functions they perform (see the simplified summary in **Box 2.1** below). The functions of each entity are set out in the EII Act and the supporting *Electricity Infrastructure Investment Regulation 2021* (EII Regulation).

The Minister for Energy is supported by the NSW Department of Climate Change, Energy, the Environment and Water (the Department). The Department assists the Minister to undertake several key functions necessary to implement the Roadmap.

Box 2.1 Roadmap entities' statutory roles

The **Infrastructure Planner** for the first 5 REZs is the Energy Corporation of NSW (EnergyCo), appointed by the former Minister. The Infrastructure Planner:

- is responsible for planning infrastructure projects for REZs and coordinating investment in generation, long-duration storage and firming capacity within REZs
- coordinates, contracts and oversees network operators to deliver the transmission network infrastructure required to connect the generation built in REZs to the electricity grid
- allocates access rights for REZs where directed under an access scheme declaration.

The **Consumer Trustee** is AEMO Services Limited, appointed by the former Minister. The Consumer Trustee:

- identifies when new generation, long-duration storage and firming infrastructure is required in the long-term financial interests of NSW electricity customers
- authorises, or recommends to the Minister, REZ network infrastructure projects and network operators, based on recommendation from the Infrastructure Planner
- conducts competitive tenders for long-term energy service agreements (LTESAs) for generation, long-duration storage and firming infrastructure, and competitive tenders for REZ access rights once the Infrastructure Planner finalises each REZ access right network and governing scheme.

The **Financial Trustee** is Equity Trustees Limited, appointed by the Consumer Trustee through competitive tender. The Financial Trustee:

- establishes and administers the Scheme Financial Vehicle
- advises the AER in relation to contribution determinations.

The **Scheme Financial Vehicle** is a proprietary limited company under the *Corporations Act 2001* (Cth). The Scheme Financial Vehicle:

- administers the Electricity Infrastructure Fund (Fund), which provides revenue for REZ network infrastructure projects as determined by the AER
- is counterparty to LTESAs with project proponents
- makes contribution orders based on the annual contribution determination made by the Regulator (the AER)
- may enter risk management contracts.

Box 2.1 Roadmap entities' statutory roles

The **Australian Energy Regulator** (the AER) is a Regulator appointed by the former Minister. The AER:

- makes revenue determinations for REZ network infrastructure projects
- makes contribution determinations to facilitate the recovery of costs needed to support the continued operation of the Roadmap.

IPART is another Regulator appointed by the former Minister. The role of IPART as a Regulator is independent of the Minister. IPART:

- reports each year on the exercise of functions by the Roadmap entities
- is responsible for the performance audit of certain Roadmap entities
- reviews and recommends the Renewable Energy Sector Board's Plan to the Minister for approval.

The **EPA** was officially appointed as a Regulator by the Minister on 12 July 2024. The EPA's role is to determine:¹²

- the greenhouse gas intensity of electricity generators and each firming infrastructure facility in NSW
- whether these operators have satisfied their offset obligations and need to surrender carbon credits to meet their obligations.

Source: EII Act, EII Regulation, and Roadmap entities' websites.

2.2 Central-West Orana REZ has 2 new network infrastructure projects

In June 2024, the Consumer Trustee published its authorisations for 2 network operators to carry out their projects:

- The 'Main' project will be carried out by the consortium ACERREZ. It involves constructing and operating new network infrastructure in the Central-West Orana REZ to support the connection of renewable generation projects.
- The 'Enabling' project will be carried out by Transgrid. It involves constructing and operating new network infrastructure to connect the 'Main' project to the existing NSW transmission network. This would augment the capacity of the existing transmission network.

The 'Main' and 'Enabling' projects intend to deliver 4.5 GW of network transfer capacity by 2027-28. This will allow up to 5.84 GW of new renewable energy and storage to connect to the NSW grid.¹³ The projects are expected to be completed and the network infrastructure energised in 2028.¹⁴

The Infrastructure Planner has secured NSW planning approval and the necessary approval under the Commonwealth *Environment Protection and Biodiversity Conservation Act 1999* for these projects.¹⁵

2.3 New agreements established for 13 projects

The Consumer Trustee completed 3 tender rounds in FY 2023-24:

- Tender Round 2 for firming infrastructure resulted in 6 successful projects, which will provide 1,075 MW of energy storage.¹⁶
- Tender Round 3 for generation and long-duration storage (LDS) infrastructure resulted in 5 successful projects, which will provide 750 MW of generation capacity and 524 MW of LDS.¹⁷
- Tender Round 4 for generation infrastructure resulted in 2 successful projects, which will provide 312 MW of generation capacity.¹⁸

As a result, the Scheme Financial Vehicle executed 13 LTESAs in FY 2023-24 in the Central-West Orana REZ, Hunter-Central Coast REZ and areas outside of the REZs.

The Consumer Trustee has opened another tender round in May 2024 for LDS infrastructure and access rights in the South West REZ. This tender round is seeking an indicative 1 GW of LDS and allocating up to 3.98 GW of access rights for the South West REZ.¹⁹

Box 2.2 Long-term energy service agreements (LTESAs)

An LTESA is a financial contract between an LTES operator and the Scheme Financial Vehicle, that is intended to provide an LTES operator with a safety net against unexpectedly low electricity prices but share the benefit where electricity prices are higher. LTESAs have been designed to protect investors from the risk of unexpectedly low wholesale energy prices, incentivising investment to support long-term stability in supply and contracting. Different forms of LTESA exist for different infrastructure types. These are generation infrastructure, long-duration storage infrastructure, demand response and firming infrastructure.

2.4 One more access scheme declared for the South West REZ

The Minister declared a South West REZ Access Scheme in April 2024.²⁰ The Consumer Trustee is conducting a tender round, which includes allocating access rights to the South West REZ. The Consumer Trustee will make a recommendation to the Infrastructure Planner to grant these access rights. It is expected that the Infrastructure Planner will grant access rights to the South West REZ in FY 2024-25. Additional access rights may be recommended in subsequent tender rounds subject to REZ available capacity.²¹

The Minister also declared an amended Central-West Orana Access Scheme in April 2024, to allow the Infrastructure Planner to conduct an expedited application process for access rights to the Central -West Orana REZ.²² It received applications for a total 7.7 GW of dispatchable capacity.²³ Although the Infrastructure Planner did not award any access rights in FY 2023-24, it expects that it will award access rights for the Central-West Orana REZ in FY 2024-25.²⁴

Box 2.3 Access scheme, access rights and access fees

An **Access Scheme** controls the access to, and use of, specified network infrastructure in the REZ by network operators and operators of generation and storage infrastructure.

Access rights allow the holder to apply to the network operator to connect and supply electricity to the network infrastructure. An access right may only be granted to an eligible operator, for an eligible project and for a maximum capacity. Access rights are designed to give greater certainty to investors and energy projects that wish to connect (when compared to the open access regime in the National Electricity Market (NEM)) and give confidence to investors and host communities by setting a limit on the amount of electricity generation and number of storage projects allowed.

Access right holders must pay **access fees** to connect to network infrastructure. Access fees include funds for community benefit and employment purposes in the region.

Source: EII Act clause 24(2); EnergyCo, [Access schemes](#), accessed 11 September 2024; Office of Energy and Climate Change, [CWO REZ Access Rights and Scheme Design Position Paper](#), July 2022, AEMO Services, [NSW Electricity Infrastructure Tenders, Guidelines - Tender Round 5](#), May 2024.

2.5 Infrastructure Investment Objectives report published

The Consumer Trustee published a 2023 Infrastructure Investment Objectives (IIO) report in December 2023. The IIO report sets out a 20-year development pathway and 10-year tender plan for investment in renewable energy infrastructure.²⁵

This is the third IIO report to be published (including the 2022 firming IIO report). Informed by stakeholder feedback on the draft 2023 IIO report, it reflects market developments, additional sensitivity testing and modelling methodology improvements (to account for lulls in variable renewable energy availability). The Consumer Trustee also considered in the report how factors such as deliverability risks and costs may influence the trajectory for procuring infrastructure.²⁶

2.6 Progress on Electricity Supply and Reliability Check Up recommendations

The Department has informed us that since the Electricity Supply and Reliability Check Up and the Government's response was published in August 2023, actions in response to 22 recommendations have been completed and an additional 28 are underway.

Key measures implemented as of 23 September 2024 as part of the Government's response to the Electricity Supply and Reliability Check Up include:

- The Roadmap has been designated a strategic priority of the 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.
- In December 2023, the Minister directed the EnergyCo to focus on key Infrastructure Planner functions under the EII Act up to 30 June 2024. The direction established clear priorities for EnergyCo including the Central-West Orana REZ, Waratah Super Battery Project, and Hunter Transmission Project.
- 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.
- On 21 June 2024, NSW Parliament passed the *Energy Security Corporation Bill 2024* which established the Energy Security Corporation as an NSW statutory corporation. The Department 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.
- On 22 May 2024, the Government reached a temporary, targeted agreement with Origin Energy to extend operating Eraring power station until August 2027.²⁷

3 Minister's information requirement

On 13 May 2024, the Minister wrote to IPART to advise that our 2023-24 annual report should include information on how the Consumer Trustee and Infrastructure Planner have considered the:

- Renewable Energy Sector Board's Plan when exercising their functions under the EII Act, including information on local content commitments made and corresponding results.
- First Nations Guidelines when exercising their functions under the EII Act, including information about consultation with local Aboriginal communities, and income and employment commitments made and corresponding results for local Aboriginal communities.

We subsequently requested relevant information from the Consumer Trustee and Infrastructure Planner about:

- commitments made
- corresponding results.

The information from the Consumer Trustee is an aggregate of the local content commitments and First Nations participation commitments of all the LTESAs awarded in FY 2023-24. The Consumer Trustee has not reported on corresponding results in this year's report. The Consumer Trustee noted that progress against these commitments in the LTESAs are managed by the Scheme Financial Vehicle.²⁸

The information from the Infrastructure Planner on local content commitments and First Nations commitments is qualitative. The Infrastructure Planner has not reported on corresponding results in this year's report.

The entities have informed us that further information has not been provided because the information is commercial-in-confidence.²⁹

For future annual reports, we expect to report more information in line with the Minister's information request. There is a need to balance the confidentiality of community commitments and benefit outcomes from Roadmap projects, with the transparency and accountability for customers and the affected communities.

The Minister specified for our annual report to include a summary of the long-term energy service agreements (LTESAs) and access rights that have been awarded in the past year, including for projects in the Central-West Orana and South West Renewable Energy Zones (REZs).

The Minister also asked IPART to work with the Department to report some indicators from the Roadmap's Monitoring, Evaluation, Reporting and Improvement (MERI) framework. The MERI framework includes key performance indicators and outcome indicators that align with the Roadmap's objectives, to track and report the Roadmap's progress.

A copy of the Minister's information requirement is in **Appendix B**. This chapter addresses the Minister's information requirement.³⁰ Each entity's response to the Minister's information requirement is also available on [IPART's website](#).

3.1 Consideration of the Renewable Energy Sector Board's Plan

The sections below discuss how the Consumer Trustee and Infrastructure Planner have reported their consideration of the Renewable Energy Sector Board's Plan (Board's Plan) when exercising their functions in FY 2023-24. The Board's Plan includes minimum requirements for local content and First Nations participation.

Box 3.1 Renewable Energy Sector Board's Plan

The Minister appointed the Renewable Energy Sector Board in February 2021. The Board provides advice to the Minister on the operation of the renewable energy sector, and the manufacture and construction of infrastructure in the sector. The Board has representatives from unions, the steel, electricity and manufacturing sectors, renewable energy sector and NSW electricity customers.

The Board's vision for the renewable energy sector is to ensure local workers, communities and industries gain economic benefits from the transition to renewable energy. The Board's Plan sets out how to do this in ways that are cost-effective for all electricity consumers, drive sustainable growth and competitiveness in the sector, and provide quality jobs for new and existing workers in NSW.

The Board's Plan intends to achieve the following objectives in the manufacture, construction and operation of electricity infrastructure under the Roadmap:

- maximise the use of locally produced and supplied goods and services
- maximise the employment of suitable qualified local workers
- foster opportunities for NSW apprentices and trainees.

The Board's Plan includes minimum requirements for local content and First Nations participation. The minimum requirements for local content differ by the type and phase of projects, and are expressed as a percentage of the total project contract value. The minimum requirement for First Nations participation is 1.5% of the total project contract value.

The Minister and Consumer Trustee are to take into account the Board's Plan when exercising their functions under the EII Act. The Minister has also directed the Board's recommendations on local content requirements for generation, storage and network projects to the Infrastructure Planner. However, project proponents are not obligated to meet the minimum requirements that are specified in the Board's Plan.

Source: Office of Energy and Climate Change, [NSW Renewable Energy Sector Board's Plan](#), September 2022, pp 5, 9, 11 and 15.

Consumer Trustee

The Consumer Trustee considered the Board Plan's minimum requirements and recommendations when conducting, assessing and making recommendations in its tender rounds. It considered the Board's Plan in its eligibility criteria and tender rules (under the merit criteria). Specifically, merit criteria 7 (regional economic development) requires demonstration and/or commitments to improve regional economic development, including local supply chain, workforce and First Nations participation.

The Consumer Trustee also considers the First Nations Guidelines regarding consultation and negotiation with local Aboriginal communities. The guidelines consider and incorporate community interests in the design of regional economic development initiatives and are tailored specifically to local and/or First Nations communities and the Board's Plan.³¹

The Consumer Trustee completed 3 tender rounds in FY 2023-24, which resulted in 13 LTESAs being awarded in the Central-West Orana REZ, Hunter-Central Coast REZ and areas outside REZs. The Consumer Trustee reports that the value of investment in local content was approximately 32% of the overall total project contract value.³² It reports the commitment to First Nations participation was approximately 1% of the total project contract value.³³ Further, the Consumer Trustee advises that the successful bids from the 3 tender rounds have substantial, legally binding commitments to subcontracts for First Nations businesses and direct employment of Aboriginal and Torres Strait Islander peoples.³⁴

The Board's Plan specifies minimum local content requirements for battery storage, wind and solar projects, which are applicable to the LTESAs awarded in FY 2023-24. The minimum requirements for supply chain inputs in battery storage, wind and solar projects range from 23% to 49% of the total project contract value in the development phase, and 35% to 71% of the total project contract value in the operation and maintenance phase.³⁵ Further assessment of the Roadmap's success in achieving the targets set in the Board's Plan requires a breakdown of project specific contract value for project types. The Consumer Trustee considers that this level of information is commercial-in-confidence.³⁶

Under a project development agreement and LTESA, the project counterparty must provide regular reports to the Scheme Financial Vehicle.³⁷ We note that under s 50 of the EII Act, an LTES operator is required to provide information to the Minister every year about the extent to which the LTES operator is creating employment and supporting industry in NSW. The Minister is to prepare a yearly report summarising the information received from LTES operators and is to table the report in each House of Parliament.

The Consumer Trustee also considers the Board's Plan in authorising the recommended network operators to carry out the Main and Enabling Central-West Orana REZ network infrastructure projects. The public statement of the Consumer Trustee's reasons for its authorisation decision for each project outlines how the Board's Plan was considered.³⁸ The Consumer Trustee decided not to impose conditions on these authorisations to give effect to the Renewable Energy Sector Board Plan. Refer to section 5.5 for more information.

Meeting the objectives of the Renewable Energy Sector Board's Plan

Under the EII Act, the Consumer Trustee must make the financial value of the LTESA the primary consideration, when making recommendations on which LTESAs the Scheme Financial Vehicle may enter.³⁹ Where local content imposes higher project costs, tenders meeting or exceeding local content requirements set out in the Board's Plan may be less competitive. However, we note that in the circumstances that competing tender bids are of similar financial value, consideration of local content and First Nations participation may carry more weight.

Infrastructure Planner

The Infrastructure Planner must take the Board's Plan into account when exercising several of their functions.

Central-West Orana REZ infrastructure procurement

The Infrastructure Planner entered a commitment deed with the consortium ACEREZ in December 2023. ACEREZ will design, build, finance, operate and maintain the Central-West Orana REZ infrastructure network for the next 35 years. The Infrastructure Planner reports that ACEREZ has committed to targets for local content, learning workers^c and underrepresented workers, consistent with the requirements in the Board's Plan.⁴⁰

The Infrastructure Planner noted, in its Central-West Orana REZ decision report, that through the Industry and Aboriginal Participation Plan, ACEREZ has committed to provide significant economic growth opportunities. These include minimum targets that in many instances exceed the minimum targets set in the Board's Plan and First Nations Guidelines, for:

- local manufacturing, services and construction opportunities and growth, across both the 'design and construction' and 'operations and maintenance' phases of a project
- development of skilled workers with minimum targets for both learning workers and apprentices
- Aboriginal employment opportunities
- employment opportunities for underrepresented workers.⁴¹

The quantitative information on the commitments is yet to be finalised prior to contractual close. In addition, specific targets may contain commercial-in-confidence information, which the Infrastructure Planner has not provided.⁴²

^c Learning work is a worker without qualifications or who needs to update their qualifications or skills to meet the needs of the infrastructure project. This includes trainees and apprentices. The Renewable Energy Sector Board Plan has more details.

Central-West Orana REZ access rights allocation

The Infrastructure Planner reports that the project development agreement contains social licence commitments that are aligned with the Board Plan's requirements, and targets for local content, industry and Aboriginal participation. The agreements will be executed with generators in Q4 2024. The commitments will be reported quarterly once the contract is executed, then annually once the generation and storage project reaches commercial operations for the term of the access scheme. The Infrastructure Planner expects results from these commitments at a later stage.⁴³

South West REZ access rights allocation

The Infrastructure Planner is also scoping the delivery of minor, additional access rights network infrastructure in the South West REZ. Similarly, the project development agreement between the Infrastructure Planner and access right holder in the South West REZ contains social licence commitments. These commitments are aligned with the Board Plan's requirements, and targets for local content, industry and Aboriginal participation. The project development agreement template was published in May 2024. The agreement will be executed in Q1 2025.⁴⁴

Waratah Super Battery Project procurement

Transgrid is the network operator for the Waratah Super Battery Project, which is a Priority Transmission Infrastructure Project (PTIP). The Infrastructure Planner reported that Transgrid has prepared and implemented a First Nations Participation Plan and an Australian Industry Participation Plan, in accordance with the requirement of Schedule 3 of the *Priority Transmission Infrastructure Project Direction (Waratah Super Battery Project) Order 2022*.⁴⁵ The commitments in these plans include targets related to local content, employment of learning workers, apprentices and underrepresented groups, and First Nations participation, consistent with the targets outlined in the Board's Plan.⁴⁶

The Infrastructure Planner noted that Transgrid provide monthly updates on progress against the established targets.⁴⁷ The Infrastructure Planner has not provided further quantitative information on commitments made or corresponding results for this annual report, as it may contain commercial-in-confidence information. The Infrastructure Planner expects results from both plans once the project construction is complete in 2025.⁴⁸

Other projects

Other REZs and PTIPs were in their development phase in FY 2023-24. Network infrastructure recommendations, contracts and information about local content and Aboriginal participation commitments are in development and will become available at a later stage.⁴⁹

3.2 Consideration of the First Nations Guidelines

The sections below discuss how the Consumer Trustee and Infrastructure Planner have considered the First Nations Guidelines when exercising their functions in FY 2023-24.

Box 3.2 First Nations Guidelines

The Minister issued the First Nations Guidelines in August 2022. The First Nations Guidelines set out expectations for consultation and negotiation with local Aboriginal communities in the REZs. The purpose of the consultation and negotiation is increasing employment and income opportunities for local Aboriginal communities from Roadmap projects.

The First Nations Guidelines are supported by region-specific guidelines for each of the 5 REZs. To date, the Government has developed 3 of the 5 region-specific guidelines. The region-specific guidelines outline the local Aboriginal communities' goals and aspirations for income and employment opportunities. It also specifies their preferred method of engagement with Roadmap project proponents and Government. The region-specific guidelines provide direction for Roadmap project proponents to consult and negotiate with local Aboriginal communities to plan and deliver agreed community outcomes.

The First Nations Guidelines does not specify targets for consultation and negotiation with local Aboriginal communities. However, it refers to targets set in the NSW Government Aboriginal Procurement Policy.

Source: NSW Government, [First Nations Guidelines](#), accessed 12 September 2024 and NSW Government, [First Nations Guidelines](#), August 2022, pp 5 and 12.

Consumer Trustee

The Consumer Trustee considers the First Nations Guidelines, regarding consultation and negotiation with local Aboriginal communities, in its tender rules. Specifically, merit criteria 4 (community engagement, shared benefits and land use considerations) requires evidence of efforts to:

- Engage with local communities and stakeholders to foster local community support that is generally consistent with applicable NSW Government guidelines.
- Share financial benefits of the project's construction and operations with local communities and stakeholders.
- Improve land use considering environmental constraints and opportunities in the site selection process that is generally consistent with applicable NSW Government guidelines.⁵⁰

In addition, merit criteria 7 (regional economic development) requires proponents to demonstrate and/or commit to improve regional economic development including local supply chain, workforce and First Nations participation.⁵¹

As mentioned earlier in this chapter, the Consumer Trustee reported that the commitment to First Nations participation was approximately 1% of the total project contract values awarded in FY 2023-24.⁵²

The Consumer trustee reports that the successful bids from the 3 tender rounds have substantial, legally binding commitments to subcontracts for First Nations businesses and direct employment of Aboriginal and Torres Strait Islander peoples. Under a project development agreement and LTESA, the project counterparty must provide regular reports to the Scheme Financial Vehicle. Failure to meet targets can result in escalation, the implementation of agreed plans to realign with targets, or termination of the LTESA.⁵³

While the Consumer Trustee has not provided information on the corresponding results from these commitments that are made at an early stage of these projects, we expect the reporting of results should be possible through regular reports to the Scheme Financial Vehicle.⁵⁴

The Consumer Trustee also considers the First Nations Guidelines in authorising the recommended network operators to carry out the Main and Enabling Central-West Orana REZ network infrastructure projects. The public statement of the Consumer Trustee's reasons for its authorisation decision for each project outlines how the First Nations Guidelines was considered.⁵⁵ The Consumer Trustee decided not to impose conditions on these authorisations to give effect to the First Nations Guidelines. Refer to section 5.5 for more information.

Infrastructure Planner

The Infrastructure Planner has provided information on consultation with local Aboriginal communities in various REZs since the issue of the First Nations Guidelines in 2022.

While the Infrastructure Planner has not provided information on the corresponding results from Aboriginal communities' income and employment commitments, we expect the reporting of results should be forthcoming once these projects continue to progress.

Local Aboriginal communities consultation

In FY 2023-24, the Infrastructure Planner recruited a manager to lead Aboriginal Coordination and Outcomes across the 5 REZs. The Infrastructure Planner also recruited and provided community facing roles to the Central-West Orana and New England REZs. These roles deliver 1-to-1 targeted, and sometimes bespoke, engagement to meet the needs and requirements of the communities. The Infrastructure Planner plans to extend recruitment to include the Hunter-Central Coast and South West REZs.⁵⁶

The Infrastructure Planner has advised that the Aboriginal Coordination and Outcomes team has been working with Aboriginal Working Groups to listen to their feedback and support their goals. The team is collaborating with the community to deliver outcomes through the First Nation Fund, which exists under the Community and Employment Benefit Program.⁵⁷

The First Nation Fund aims to deliver projects, programs and infrastructure outcomes for Aboriginal Community Controlled Organisations, Local Aboriginal Land Councils and not-for-profit community organisations in the Central-West Orana REZ, to meet the objectives of the First Nations Guidelines and EII Act.⁵⁸

The Infrastructure Planner's engagement activity with Aboriginal stakeholders in each REZ and project include:

- **Central-West Orana REZ:** 182 interactions^d, including hosting a quarterly Aboriginal Working Group.
- **New England REZ:** 13 meetings with representatives.
- **South West REZ:** Established the South West REZ Regional Reference Group,⁵⁹ with representatives from Aboriginal Land Councils, local councils and regional NSW government agencies.
- **Hunter-Central Coast REZ:** Manage and facilitate a First Nations Working Group to ensure engagement and negotiation between local Aboriginal communities and proponents, in line with the First Nations Guidelines: Hunter-Central Coast.
- **Hunter Transmission project:** 127 interactions, including 6 meetings or briefings.
- **Waratah Super Battery project:** Onsite meeting and site inspection held on 12 October 2022. Five registered Aboriginal parties attended the meeting.⁶⁰

3.3 Summary of awarded LTESAs and access rights

Summary of LTESAs

There are 4 types of LTESA products that have been awarded through competitive tenders conducted by the Consumer Trustee i.e. generation, demand response, long-duration storage (LDS) and firming supply LTESAs. The Consumer Trustee designs and runs competitive tenders for LTESAs to be recommend to the Scheme Financial Vehicle. The Scheme Financial Vehicle is the counterparty in LTESAs and decides whether to enter LTESAs. **Table 3.1** provides a summary of all the LTESAs that the Scheme Financial Vehicle executed in FY 2023-24. There are 13 LTESAs in **Table 3.1**. There are 4 additional LTESAs signed in FY 2022-23 which are outlined in our annual report for FY 2022-23.⁶¹

No access rights have been awarded to date.

Table 3.1 Summary of LTESAs awarded in FY 2023-24

| Tender round | Infrastructure | REZ ^a | Project name | Project owner | Technology | Max capacity ^b (MW) |
|--------------|----------------|----------------------|------------------------------|----------------|--------------------------------------|--------------------------------|
| 2 | Firming | Hunter-Central Coast | Liddell BESS | AGL | Battery Energy Storage System (BESS) | 500 |
| 2 | Firming | Central-West Orana | Orana BESS ^c | Akaysha Energy | BESS | 415 |
| 2 | Firming | - | Smithfield BESS ^c | Iberdrola | BESS | 65 |
| 2 | Firming | - | Enel X (1) | Enel Group | Demand Response | 50 |

^d Interactions include meetings (face-to-face and online), Working Group meetings, workshops, forums, briefings, social media interactions and participating in community events.

| Tender round | Infrastructure | REZ ^a | Project name | Project owner | Technology | Max capacity ^b (MW) |
|--------------|-----------------------|--------------------|----------------------------|---------------|--------------------|--------------------------------|
| 2 | Firming | - | Enel X (2) | Enel Group | Demand Response | 20 |
| 2 | Firming | - | Enel X (3) | Enel Group | Demand Response | 25 |
| 3 | Generation | Central-West Orana | Uungula Wind Farm | Squadron | Wind | 400 |
| 3 | Generation | - | Culcairn Solar Farm | Neoen | Solar | 350 |
| 3 | Long-duration storage | - | Silver City Energy Storage | Hydrostor | Compressed Air | 200 |
| 3 | Long-duration storage | - | Goulburn River BESS | LightsourceBP | BESS | 49 |
| 3 | Long-duration storage | - | Richmond Valley BESS | Ark Energy | BESS | 275 |
| 4 | Generation | Central-West Orana | Maryvale Solar Farm Hybrid | Gentari | Solar ^d | 172 |
| 4 | Generation | - | Flyers Creek Wind Farm | Ibedrola | Wind | 140 |

Source: Equity Trustees, Reports to IPART, Summary of LTESAs, 23 August 2024 and 12 September 2024.

a. The '-' symbol represents a non-REZ area.

b. The LTESA may only underwrite a portion of the maximum capacity of the project.

c. These 2 firming infrastructure projects were supported by the Commonwealth Capacity Investment Scheme (CIS).

d. This Maryvale Solar Farm Hybrid project includes wind, solar and BESS technologies. The Generation LTESA entered was only in relation to solar.

3.4 MERI indicators

The Department has developed a Monitoring, Evaluation and Reporting Indicators (MERI) framework for the Roadmap. The Roadmap MERI framework outlines a high-level plan for monitoring and evaluating the Roadmap. Its purpose is to effectively capture the Roadmap's performance in achieving its objectives. The framework serves as a guide to:

- track the progress of the Roadmap as a whole
- support adaptive management and continuous improvement of the Roadmap
- inform statutory reviews and strategic decision making.

The MERI framework identifies various indicators along delivery pathways that connect Roadmap activities. The indicators track and monitor the performance of the Roadmap in achieving its legislated objectives.

The Department has provided IPART with a report containing an initial set of MERI indicators for this year's annual report. The Department has advised that these indicators are intended to monitor performance in certain areas of immediate need. Their inclusion in this report is due to the availability of data and the maturity of these indicator methods at this stage in delivery of the Roadmap. The Department's MERI indicators report is at **Appendix C**.

The Department provided the following MERI indicators:

- Percent unserved energy - Percent of unserved energy in NSW as a proportion of total energy demand
- Percent renewable energy share - Percent of renewable energy in total electricity supply
- Grid emission intensity - Emission intensity of grid electricity used in NSW (tonnes of carbon dioxide equivalent per megawatt hour)
- Percent projects commissioned on time - Percent of Roadmap supported generation projects that meet agreed commissioning timeframe
- Progress towards generation minimum objective - Ratio of eligible constructed and expected energy generation to the minimum objective set out in the EII Act
- Progress towards long duration storage minimum objective - Ratio of constructed and expected long duration storage capacity and storage capacity to the minimum objective set out in the EII Act (GW for capacity and GWh for storage capacity)
- Progress towards firming capacity sought - Ratio of new firming capacity to the firming capacity sought during tenders
- Progress of network capacity development - Progress of REZ and PTIP network capacity development
- Subscription rate of LTESA - Subscription rate during LTESA tender rounds.

We note that the Minister has requested that our annual report include indicators for local content commitments and First Nations participation where possible. The list of indicators provided by the Department this year does not include indicators for these 2 areas. However, the implementation of the MERI framework is at an early stage, and we expect the collection of MERI indicators reporting will expand over time as more projects come on stream.

4 Infrastructure Planner functions

The Infrastructure Planner is responsible for planning infrastructure projects for REZs and coordinating investment in generation, long-duration storage and firming capacity within REZs. It also coordinates, contracts and oversees network operators to deliver the transmission network infrastructure required to connect the generation built in REZs to the electricity grid. The Infrastructure Planner works with communities and industry to ensure the REZs are in the long-term interest of energy consumers, local communities and industry in NSW.

The NSW Government appointed the Energy Corporation of NSW (EnergyCo) as the Infrastructure Planner for the 5 declared REZs and 2 Priority Transmission Infrastructure Projects (PTIPs).^e

In FY 2023-24, the Infrastructure Planner exercised the following key functions:

- Participate in ongoing joint planning activities throughout NSW.
- Investigate, plan and coordinate network infrastructure in the Central-West Orana REZ and for the New England REZ network infrastructure project.
- Administer the access schemes for the Central-West Orana and South West REZs.
- Coordinate local community engagement for the Hunter Transmission Project.
- Enter contracts to facilitate network infrastructure within REZs and for PTIPs.

This chapter provides further detail on the functions that the Infrastructure Planner exercised in FY 2023-24, and its priorities in FY 2024-25.

Appendix D provides tables of functions with information submitted by each entity.

4.1 Plan network infrastructure

The Infrastructure Planner operates across project planning, project procurement, strategic coordination, community engagement and benefits, land access and planning approvals, technical advisory and network planning. In May 2023 the Infrastructure Planner published a 20-year [Network Infrastructure Strategy](#) for the practical coordination of NSW network infrastructure to connect new generation, firming and storage in the REZs, and meet the EII Act objectives.⁶² The Infrastructure Planner will release the Network Infrastructure Strategy every 2 years⁶³ in alignment with the Consumer Trustee's Infrastructure Investment Objectives Report (see **section 5.1**), which guides investment in generation, storage and firming infrastructure in NSW.

^e The 5 declared REZs are Central-West Orana, New England, South West, Hunter-Central Coast and the Illawarra. The 2 PTIPs are the Waratah Super Battery and the Hunter Transmission Project.

In FY 2023-24, the Infrastructure Planner continued to participate in ongoing joint planning activities with AEMO and network service providers (transmission and distribution) throughout NSW. Joint planning forums are important to contribute to network planning documents such as AEMO's Integrated System Plan.^f Joint planning at a region-specific level also informs the development of all REZs and is central to the early development of the Hunter-Central Coast and Illawarra REZs.

4.2 Recommend REZ network infrastructure projects

The Infrastructure Planner is responsible for ensuring that new network infrastructure is developed to connect a REZ to the existing grid. The Infrastructure Planner works with Transgrid in its capacity as NSW's jurisdictional transmission planner and coordinates the delivery of upgrades to Transgrid's existing infrastructure to enable the REZs.

The Infrastructure Planner is to assess and make recommendations to the Consumer Trustee about REZ network infrastructure projects required for the REZ.

Central-West Orana REZ

The Central-West Orana REZ was formally declared in November 2021.⁶⁴ The Minister amended the initial declaration twice during FY 2023-24 to increase the intended network capacity from 3 GW to 6 GW, and to provide a more detailed outline of the overall network infrastructure.⁶⁵

The Central-West Orana REZ will be serviced by new transmission network infrastructure, including transmission lines and energy hubs, which will transfer power to consumers.

For the Central-West Orana REZ, progress in planning, design and co-ordination through the FY 2023-24 included:

- After a competitive tender process, the Infrastructure Planner entered a commitment deed with a consortium comprised of ACCIONA, COBRA and Endeavour Energy (ACEREZ) as the preferred network operator for Central-West Orana REZ. ACEREZ has signed on to seek approval to design, build, finance, operate and maintain transmission network within the REZ.
- The Infrastructure Planner recommended to the Consumer Trustee that ACEREZ be authorised as the Network Operator for the 'Main Central-West Orana REZ' network infrastructure project and Transgrid to be authorised as the network operator for the 'Enabling Central-West Orana REZ' network infrastructure project. The Consumer Trustee authorised ACEREZ and Transgrid in June 2024⁶⁶ (see **section 5.5**).
- The Infrastructure Planner secured [NSW planning approval](#) in June 2024 for the Central-West Orana REZ transmission project (the first REZ to achieve this critical step) under the *Environmental Planning and Assessment Act 1979* (EP&A Act).
- The Infrastructure Planner also secured the Australian Government Department of Climate Change, Energy, the Environment and Water approval in August 2024 for the Central-West Orana REZ transmission project under the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) (Cth).⁶⁷

^f The Integrated System Plan is a whole-of-system plan that provides an integrated roadmap for the efficient development of the National Electricity Market over the next 20 years and beyond.

New England REZ

The [New England](#) REZ was formally declared in December 2021. The EII Act s 44(3) sets out a minimum objective of 8 gigawatts generation capacity from the New England REZ.

The New England REZ will be serviced by new network infrastructure, including transmission lines, energy hubs and enabling infrastructure, which will transfer power generated by solar and wind farms to electricity consumers.⁶⁸ The Infrastructure Planner is leading the development of the transmission network infrastructure for the New England REZ.

Some of this infrastructure will need to be built outside the New England REZ geographical area to connect the REZ to the main backbone transmission network. The Infrastructure Planner is in the early stages of assessing new network infrastructure to be built to unlock and service the New England REZ.⁶⁹

In FY 2023-24, the Infrastructure Planner released a revised study corridor for the transmission project for ongoing engagement and field investigations.⁷⁰

In June 2024, the Minister for Planning and Public Spaces declared the New England REZ network infrastructure project as Critical State Significant Infrastructure (CSSI). The declaration means the project is considered essential to the state for economic, environmental or social reasons.⁷¹

4.3 Administer REZ access schemes

The Infrastructure Planner administers access schemes where they have been appointed to do so by the Minister in the declaration of the access scheme. Prior to declaring an access scheme that will apply in a REZ (or part of a REZ) the Minister consults with the Infrastructure Planner.

The Infrastructure Planner may request the Consumer Trustee to conduct a competitive tender in relation to the granting or increasing of access rights. In FY 2023-24, changes to the EII Regulation allowed the Infrastructure Planner to conduct an application process for the grant or increase of access rights, and make such determinations without a competitive tender if the Infrastructure Planner considers it is necessary for the timely delivery of a REZ network infrastructure project.

Once a tender or an application process has been run, the Infrastructure Planner enters into development agreements with participants for projects in relation to the granting or increase of access rights under an access scheme.

Access fees are collected from generation and storage projects with an access right to connect to network infrastructure within a REZ. A component of the access fee is to be used for community or employment purposes within the REZ to which the fees apply. The Infrastructure Planner administers, manages and makes payments in relation to a community purpose or employment purpose within REZs, from fees collected from access right holders.

Central-West Orana REZ access scheme

The Minister published a draft amended Central-West Orana REZ Access Scheme for consultation between 22 February and 20 March 2024 and subsequently declared the scheme on 5 April 2024. The initial declaration was made in December 2022. The amendments to the declaration provided for the Infrastructure Planner to allocate the initial tranche of access rights, after conducting an expedited application process. The Infrastructure Planner has reported that the changes did not impact how the access scheme benefits the local community.⁷²

In FY 2023-24, the Infrastructure Planner announced it would administer an expedited application process to allocate the initial tranche of access rights, for generation and storage projects seeking access to the main Central-West Orana REZ network infrastructure project. That access rights application process is now closed and access right holders will be announced after contract execution.⁷³ The Consumer Trustee is expected to conduct tenders for further access rights to Central-West Orana REZ as well as other REZs in the future.

In FY 2023-24 the Infrastructure Planner exercised the following functions for the Central-West Orana REZ Access Scheme:

- Extended the term of the Access Scheme from 20 years to 33 years, following consultation with key stakeholders.⁷⁴
- Commenced and conducted an application process for the grant of access rights. This process was still open at the end of FY 2023-24.
- Made and published guidelines for the access scheme application process to coincide with the opening of the application process. The guidelines include the assessment criteria for access rights, including eligibility and merit criteria.⁷⁵
- Consulted with the Scheme Financial Vehicle and Consumer Trustee on the terms and conditions, including bonding arrangements, of a payment deed between the Scheme Financial Vehicle and access rights holder.⁷⁶
- Gave notices and published information in relation to the access scheme.⁷⁷

On 20 October 2023, the Minister announced that an initial \$128 million of access fees would be brought forward and would be made available for community and employment benefits in the Central-West Orana REZ over the next four years.⁷⁸ The Infrastructure Planner launched the Central-West Orana REZ Community and Employment Benefits Program in July 2024 to administer the funds. The program will assess applications, and manage, administer, acquit and report funds allocated to community and stakeholder groups for community and employment purposes. The program will initially be funded from the Transmission Acceleration Facility from the NSW Government until access fees are collected from access right holders.⁷⁹ The collected access fee will enable the recovery of the initial funding and cover ongoing program costs.⁸⁰

South West REZ access scheme

The Minister placed the draft access scheme for South West REZ on public exhibition from December 2023 to February 2024. The Minister declared the South West REZ Access Scheme on 12 April 2024, after consultation with the Infrastructure Planner.⁸¹

Following the declaration of the access scheme, the Consumer Trustee progressed a tender for access rights to the South West REZ. The Consumer Trustee anticipates making recommendations to the Infrastructure Planner on the granting of access rights to the South West REZ in December 2024.⁸²

4.4 Priority Transmission Infrastructure Projects

Under the EII Act, the Minister has the capacity to identify Priority Transmission Infrastructure Projects (PTIPs) and to appoint a project proponent.⁸³ The Minister appointed EnergyCo as the Infrastructure Planner for the Waratah Super Battery Project and Hunter Transmission Project.⁸⁴

Waratah Super Battery Project

The Waratah Super Battery Project provides a virtual transmission solution that will unlock latent capacity in the existing transmission system. This will allow consumers in the Sydney, Newcastle and Wollongong demand centres to access more energy from existing generators.⁸⁵

The Infrastructure Planner carried out a competitive process to select a service provider for the System Integrity Protection Scheme (SIPS) Service. It appointed Akaysha Energy as the SIPS Service provider, following a competitive procurement process conducted throughout 2022. Akaysha Energy's role is limited to being the SIPS Service provider.

Akaysha Energy began construction in May 2023, with expected completion in 2025.⁸⁶

Hunter Transmission Project

The Hunter Transmission Project will facilitate the transfer of electricity generated in the New England, Central-West Orana and Hunter-Central Coast REZs into the Hunter-Sydney-Illawarra regions, where 80% of the state's electricity is consumed.⁸⁷

The Infrastructure Planner undertook public engagement on the preliminary transmission corridor for the Hunter Transmission Project in late 2023. The corridor was subsequently refined to reduce the number of affected landowners and maximise the use of existing mining lands. The Infrastructure Planner lodged a scoping report with the NSW Department of Planning in May 2024, commencing the planning approval pathway.⁸⁸

4.5 Summary of contracts and agreements

In FY 2023-24, the Infrastructure Planner entered the following key contracts to facilitate REZs and PTIPs:

- The Infrastructure Planner entered a commitment deed with ACERREZ as the preferred network operator for the Central West Orana REZ.⁹ The commitment deed sets out the terms on which ACERREZ will, among other things, offer to perform the project, seek revenue determinations from the Regulator (the AER), perform early activities, and finalise and enter project agreements with the Infrastructure Planner and other parties.
- The Infrastructure Planner entered a Central-West Orana REZ independent certifier deed with GHD Pty Ltd, Jacobs Group (Australia) Pty Ltd and ACERREZ. The deed sets out the terms on which GHD and Jacobs Group are engaged by the Infrastructure Planner to perform the independent certifier functions.
- The Infrastructure Planner entered into a Master Services Agreement with Transgrid for the Hunter Transmission Project. The agreement establishes a framework for the Infrastructure Planner to obtain services from Transgrid to support the Infrastructure Planner in performing its statutory functions under the EII Act.

Additionally, the Infrastructure Planner has entered several third-party agreements, access agreements and licence arrangements with landowners impacted by the Central-West Orana REZ and Hunter Transmission Project. These agreements secure required rights of access and land tenure for preliminary investigations, surveys and construction of the infrastructure required.⁸⁹

4.6 Priorities in FY 2024-25

IPART expects that the Infrastructure Planner's deliverables in FY 2024-25 will include:

- Joint planning activities including commencement of the 2-yearly review of the [Network Infrastructure Strategy](#).
- Together with ACERREZ for Central-West Orana REZ, continue the roll out of forums to inform the local work force about construction-related work and how and when to tap into work opportunities related to the delivery of the network infrastructure.
- Ongoing investigation and refinement of the study corridor for the New England REZ network infrastructure project in response to ongoing consultation, field work and technical assessments.
- Complete access right assessment of applications for the Central-West Orana access schemes. Enter into agreements with applicants and make recommendations to Scheme Financial Vehicle regarding access fees.
- Commence the award of grants for community and employment benefits in the Central-West Orana REZ⁹⁰ through the Community and Employment Benefits Program.

⁹ The Infrastructure Planner will award the final contract with the network operator and achieve financial close, scheduled for the second half of 2024..

- Enter into access agreements with project proponents for the South-West REZ access scheme based on recommendations from the Consumer Trustee.
- Continue construction of the Waratah Super Battery by Akaysha Energy towards expected completion in 2025.
- Prepare an Environmental Impact Statement for the Hunter Transmission Project with the Department of Planning, Housing and Infrastructure after further engagement with the community on the revised corridor.⁹¹

We note that the Government has appointed a new Board for EnergyCo on 1 July 2024. The new Board will be responsible for these key deliverables in FY 2024-25.

5 Consumer Trustee functions

The Consumer Trustee is responsible for incentivising investment in new generation, long-duration storage and firming infrastructure through competitive tenders for LTESAs accordingly. The Consumer Trustee must act independently and in the long-term financial interest of NSW electricity customers.⁹² The NSW Government appointed AEMO Services as the Consumer Trustee in 2021.

In FY 2023-24, the Consumer Trustee exercised the following key functions:

- Prepare the third Infrastructure Investment Objectives (IIO) report.
- Conduct tenders for new generation, storage and firming infrastructure LTESAs and access schemes.
- Implement the Risk Management Framework.
- Authorise REZ network infrastructure projects.

This chapter provides further detail on the functions that the Consumer Trustee exercised in FY 2023-24, and its priorities in FY 2024-25.

Appendix D provides tables of functions with information submitted by each entity.

5.1 Prepare Infrastructure Investment Objectives report

The Consumer Trustee must prepare an Infrastructure Investment Objectives (IIO) report approximately every 2 years after the first report. The first report was published in December 2021. These reports set out a 20-year development pathway and 10-year tender plan for investment in electricity infrastructure.⁹³ The Consumer Trustee subsequently published a [Firming IIO report](#) in 2022 and an [2023 IIO Report](#) in 2023.⁹⁴

The 2023 IIO report includes a development pathway and tender plan for generation and long-duration storage (LDS) infrastructure. It also includes a development pathway for firming infrastructure. However, it does not include a tender plan for firming infrastructure, because the Minister has not directed further firming infrastructure tenders.^h

The Consumer Trustee expects to begin consulting on its 2025 IIO Report in FY 2024-25.

^h The Consumer Trustee completed Tender 2 for firming infrastructure in November 2023.

5.2 Conduct tenders for LTESAs

The Consumer Trustee is responsible for planning, designing and running competitive tender processes to recommend LTESAsⁱ to the Scheme Financial Vehicle.⁹⁵ It assesses projects based on merit criteria for project viability and sustainability, and benefits to local communities and First Nations peoples. It then invites shortlisted projects to submit financial value bids. The Consumer Trustee may select bids that offer the greatest financial value to energy consumers to enter LTESAs and access REZ infrastructure.⁹⁶

The Consumer Trustee completed 3 tender rounds for generation, LDS and firming infrastructure projects, and commenced another tender round for access rights and LDS projects, in FY 2023-24. From the 3 tender rounds, the Consumer Trustee made 3 rounds of formal recommendations to the Scheme Financial Vehicle to enter certain LTESAs. The Consumer Trustee primarily considered the financial value of LTESAs when assessing financial value bids.⁹⁷ It also considered non-financial value criteria.

The Consumer Trustee had negotiated with project proponents on the recommended LTESAs. In the Tender Guidelines, Merit Criteria 2 considers a bid's departure from project documents.⁹⁸ The Consumer Trustee accepted limited departures from project documents. It assessed that these departures did not have a material impact on risk allocation in the contracts and were compliant with the EII Act and Regulation.⁹⁹

A table with a summary of LTESAs executed by the Scheme Financial Vehicle in FY 2023-24 is provided under **section 3.3**.

Detailed documentation for the tenders is available on [AEMO Services' website](#). Tender documentation includes Tender Rules, Tender Guidelines, template contracts and Market Briefing Notes. The Consumer Trustee consulted with the Regulator (AER) before publishing its Tender Rules in Government Gazette No 171 on 10 May 2024. **Figure 5.1** provides a summary of the tender rounds in FY 2023-24.

Figure 5.1 Tender rounds for LTESAs in FY 2023-24

Firming infrastructure

Commencement to conclusion: April 2023 to November 2023

02

The tender round sought 930 MW of firming infrastructure and demand response. 550MW of firming infrastructure is supported by the Australian Government's Capacity Investment Scheme.

The combined successful projects will provide 1,075 MW of energy to the network. All the projects are committed to be operational by December 2025. The Consumer Trustee reported that the projects will result in a significant contribution to the reliability and security of the energy system.¹⁰⁰

ⁱ LTESAs are financial derivative contracts that intend to protect investors from the risk of unexpectedly low wholesale electricity prices. These contracts support the long-term stability of supplying and contracting energy projects that contribute to the objectives of the EII Act.

Generation and LDS infrastructure

Commencement to conclusion: May 2023 to December 2023

03

The tender round sought 950 MW of generation, and up to 550 MW of LDS capacity.

It resulted in 5 successful projects, with a total 750 MW of generation and 524 MW of LDS capacity.¹⁰¹

Generation infrastructure

Commencement to conclusion: October 2023 to June 2024

04

The tender round sought 3,000 GWh per annum of energy generation infrastructure.¹⁰²

It resulted in 2 successful projects, which represent 980 GWh of energy generation.¹⁰³

Long-Duration Storage infrastructure

Commencement to conclusion: May 2024 to January 2025 (planned)

05

The tender round sought an indicative 1 GW of LDS projects and up to an initial 3.98 GW of access rights for the South West REZ.

The Consumer Trustee expects to conclude the tender round by January 2025.¹⁰⁴

In Tender Rounds 3 and 4, the Consumer Trustee undertook an 'Outstanding Merit Assessment' on 2 LTESAs for generation infrastructure that will not be part of a REZ. The Consumer Trustee recommended these 2 generation LTESAs to the Scheme Financial Vehicle upon satisfaction with the requirements in the EII Act and Regulation.¹⁰⁵

5.3 Conduct tenders for access schemes

The Minister issued a South West REZ Access Scheme Declaration, in April 2024. The Consumer Trustee opened Tender Round 5 and published the South West REZ Access Fee Guidelines, draft Determination and draft Access Fee Calculator, in May 2024.¹⁰⁶

The Consumer Trustee anticipates making recommendations to the Infrastructure Planner on the granting of access rights to the South West REZ in December 2024.¹⁰⁷ It anticipates that access fees and access rights holders in South West REZ will be determined by January 2025, in coordination with the Infrastructure Planner's grant of access rights.¹⁰⁸

5.4 Establish and implement the Risk Management Framework

The Consumer Trustee established a Risk Management Framework (RMF) and subsidiary policies in FY 2022-23. The purpose of the RMF is to protect the financial interests of NSW electricity customers from the risks associated with LTESAs. The AER has approved the framework and the Scheme Financial Vehicle Board has approved the subsidiary policies, which are subject to periodic review.

Box 5.1 Consumer Trustee's risk management roles and responsibilities

Under the RMF, the Consumer Trustee is responsible for 3 key aspects:

- designing the broader risk management framework
- implementation of specific aspects of the RMF
- reporting in relation to risk management.

Consumer Trustee's responsibilities for implementation include:

- determining the terms and conditions for LTESAs
- assessing, monitoring and managing financial risks and the impact of LTESAs on financial risks
- reviewing the Financial Trustee and Scheme Financial Vehicles' performance.

Consumer Trustee must make recommendations to the Scheme Financial Vehicle about the LTESAs that the Scheme Financial Vehicle may enter.

Source: AEMO Services, Risk Management Framework, July 2022.

The Consumer Trustee have developed 2 new bespoke LTESAs with terms and conditions that are suitable for firming assets i.e. the Firming Supply LTESA and Demand Response LTESA.¹⁰⁹

The Consumer Trustee confirmed there were no breaches under the RMF, including any risk management contract, to be reported to IPART in FY 2023-24.¹¹⁰

5.5 Authorise REZ network infrastructure projects

The Infrastructure Planner has the role of assessing and making recommendations to the Consumer Trustee about network infrastructure projects required for a REZ. The Consumer Trustee may then authorise a network operator to carry out a REZ network infrastructure project. The Consumer Trustee has published a [Network Authorisation Process and Approach Paper](#), outlining how it intends to undertake its authorisation function.^j

^j The Network Authorisation Process and Approach Paper was updated in March 2024 to align with the NSW Treasury Cost Benefit guidelines. The Paper was previously published in September 2023.

In December 2023, the Consumer Trustee received a recommendation from the Infrastructure Planner for the authorisation of 2 network infrastructure projects in the Central-West Orana REZ (i.e. the 'Main Central-West Orana' and 'Enabling Central-West Orana' projects). The Consumer Trustee considered the recommendation and published its authorisation for the recommended network operators to carry out the 2 projects, in June 2024.¹¹¹

The Consumer Trustee published its [notices of authorisation and statements of reasons](#) for each project. The notices of authorisation require the network operators to enter into the relevant recommended contract agreements.

The Consumer Trustee has also engaged regularly with the Infrastructure Planner on plans for future recommendations, including in the Hunter-Central Coast and New England REZs.

Conditions for local content and First Nations participation

The Infrastructure Planner has advised that its recommendations considered the Renewable Energy Sector Board's Plan. They advise that the network operator for the Main Central-West Orana REZ project has made commitments that are consistent with the guidance and requirements of the First Nations Guidelines and the regional specific First Nations Guidelines. Similarly, they advise that the network operator for the Enabling Central-West Orana REZ project will be contractually obligated to meet minimum First Nations Guidelines and Renewable Energy Sector Board Plan targets in the development of their Industry and Aboriginal Participation Plan for the REZ enabling works.¹¹²

The Consumer Trustee did not impose conditions on these authorisations to give effect to the First Nations Guidelines or the Renewable Energy Sector Board's Plan.

In the case of the Enabling Central-West Orana project, the Consumer Trustee noted that while the Infrastructure Planner's recommendation contained relatively limited information on these issues, it was comforted that there will be a project deed that requires the network operator to develop a First Nations Participation Plan and Australian Industry Participation Plan, that meets the First Nations Guidelines and Board's Plan minimum requirements. Given the nature of the enabling and its relatively small size and cost, the Consumer Trustee considered that the project deed contractual obligations on the network operator were sufficient to mitigate the risks created by the limited information in the Infrastructure Planner Recommendations Report on these issues.

For the Main Central-West Orana project, the Consumer Trustee noted that the network operator has developed draft Industry and Aboriginal Participation Plan to give effects to the commitments in the Renewable Energy Sector Board Plan and the First Nations Guidelines. While the Industry and Aboriginal Participation Plan had not been finalised at the time of the authorisation decision, Consumer Trustee considered that there is benefits in consultation prior to finalisation of the plan and there are protections provided by including the agreed targets in the commitment deed that was signed by the network operator and Infrastructure Planner in December 2023. The Consumer Trustee does not consider conditions in the authorisation are required, given the commitments set out in the Infrastructure Planner Recommendations Report do not create risks for the achievement of the objects of the EII Act, or the long-term financial interests of NSW electricity customers.¹¹³

Setting maximum capital cost

When the Consumer Trustee authorises a network operator, they must set a maximum amount for the prudent, efficient and reasonable capital costs for development and construction of the project that may be determined by the regulator.¹¹⁴ The Consumer Trustee set a maximum capital cost amount for the 2 Central-West Orana projects. It provided a written notice of this amount to the AER.¹¹⁵ The AER is expected to make a revenue determination in FY 2024-25 and consult with the Consumer Trustee in advance of that determination.¹¹⁶

5.6 Priorities in FY 2024-25

The Consumer Trustee's expected key deliverables in FY 2024-25 include:

- Development of the 2025 IIO Report.
- Complete Tender Round 5 for LDS storage infrastructure and South West REZ access rights in early 2025, including an access fee determination for the Central-West Orana REZ.
- Tender Round 6 for generation LTESAs is expected to commence in November 2024. Tender Round 7 for generation and LDS LTESAs is expected to commence in May 2025. Tender Rounds 6 and 7 may also include unallocated access rights for declared REZ access schemes, if the Consumer Trustee is instructed by the Infrastructure Planner to conduct a tender.
- Update the Network Authorisation Process and Approach Paper to reflect updates to the EII Regulation commencing 1 July 2024.
- Publication of the Consumer Trustee's FY 2024-25 Corporate Plan. The Corporate Plan will provide further detail on all major activities planned for FY 2024-25 to FY 2026-27.¹¹⁷
- The Consumer Trustee anticipates that the Access Scheme Declaration for Hunter-Central Coast REZ will be made in FY 2024-25, and access fees will be determined in FY 2025-26.¹¹⁸
- Review of the subsidiary policies under the RMF.¹¹⁹

6 Financial Trustee functions

The Consumer Trustee appointed the Financial Trustee in September 2022. Subsequently, the Financial Trustee incorporated the Scheme Financial Vehicle. The Financial Trustee holds all the shares in the Scheme Financial Vehicle under a statutory trust that is independent of the NSW Government.

Since its incorporation, the Scheme Financial Vehicle has been operating under a provisional organisational structure. A working group has been established with representatives of the Consumer Trustee, Financial Trustee and Scheme Financial Vehicle, which aims to determine an optimal long-term operating model.¹²⁰

Currently, the Financial Trustee administers and reports on the Scheme Financial Vehicle.¹²¹ It also advises the AER in relation to contribution determinations.¹²² The Scheme Financial Vehicle administers the Electricity Infrastructure Fund, including collecting contributions and providing revenue to network infrastructure projects, as determined by the AER.¹²³ The Scheme Financial Vehicle is also the counterparty to LTESAs with project proponents and may enter other risk management contracts.¹²⁴

In FY 2023-24, the Financial Trustee exercised the following key functions:

- Administer and report on the Scheme Financial Vehicle.
- Consulted by the Regulators (the AER and IPART).

This chapter outlines the functions exercised by the Financial Trustee and Scheme Financial Vehicle in FY 2023-24.

Appendix D provides tables of functions with information submitted by each entity.

6.1 Operating model of the Financial Trustee and Scheme Financial Vehicle

The Consumer Trustee appointed the Financial Trustee through an Instrument of Appointment in September 2022. The Consumer Trustee is responsible for reviewing the Financial Trustee and Scheme Financial Vehicle's performance, in accordance with the Instrument of Appointment.¹²⁵

The Consumer Trustee has advised that there is a gap between the legislated structure of the Roadmap and the required operational capability of the Scheme Financial Vehicle to undertake activities. The Consumer Trustee notes that many Scheme Financial Vehicle activities were not envisaged in the Roadmap original design.¹²⁶

The Consumer Trustee, Financial Trustee and Scheme Financial Vehicle are developing a new operating model. The new operating model would allow the Scheme Financial Vehicle to directly employ resources, and the Financial Trustee's role would be narrowed to core functionality. The new operating model may require regulatory change to better align functions with the relevant entities. As part of the new operating model, a revised Instrument of Appointment will be developed, including appropriate performance criteria to support the execution of the Consumer Trustee's functions under the RMF.

6.2 Administer and report on the Scheme Financial Vehicle

The Financial Trustee ensured the ongoing administration of the Scheme Financial Vehicle in compliance with the Instrument of Appointment. Administrative activities included:

- Working closely with the Consumer Trustee to ensure the appointment, and related agreements, with outsourced service provider(s) to enable Scheme Financial Vehicle to operate as required under the EII Act.
- Appointing external auditors to undertake a cash controls audit of the Scheme Financial Vehicle in accordance with ASAE 3150 (Assurance Engagements on Controls).^k
- Entering an Intermediary Authorisation and Limited Agency Deed with Scheme Financial Vehicle in June 2024. This deed enables the issue, variation, or disposal of derivatives (including swaps) to Wholesale Clients, including to act as executing agent on behalf of the Scheme Financial vehicle. This was done to support long-term energy service agreements (LTESAs) under the EII Act.¹²⁷
- Undertaking company secretariat activities (e.g. meetings and resolutions) associated with administering and being the sole shareholder of the Scheme Financial Vehicle.
- Acting as payment agent by making payments on behalf of the Scheme Financial Vehicle, including receiving and making payments in relation to ongoing administration costs of the Scheme Financial Vehicle.¹²⁸

The Financial Trustee also provided IPART:

- a copy of the FY 2022-23 annual report, including audited financial reports, of the Scheme Financial Vehicle, in September 2023
- a summary of the LTESAs that have been awarded in the past years, including for projects in the Central-West Orana and South West REZs.

The Financial Trustee requested from the Scheme Financial Vehicle a summary of the LTESAs that have been awarded.¹²⁹ It then provided the summary to IPART for inclusion in this annual report to fulfil the Minister's request for information.

6.3 Consulted by the Regulators

In December 2023, the AER consulted with the Financial Trustee on the 2024-25 contribution determination, as required under s 56(6)(a) of the EII Act. The Financial Trustee provided a response to advise the AER.

IPART consulted with the Financial Trustee on the draft performance audit plan and audit guideline as an 'audit subject', for the purposes of Part 13 of the EII Regulation. The Financial Trustee provided a response in April 2024.

^k The audit was completed in January 2024 and confirmed the controls were suitably designed to achieve the control objectives and operated effectively.

6.4 Scheme Financial Vehicle functions

The Scheme Financial Vehicle is governed by an independent board. The Scheme Financial Vehicle has the following functions under the EII Act:

- Maintain the Electricity Infrastructure Fund (Fund) for the purposes set out in the EII Act.¹³⁰
- Enter LTESAs.
- Enter risk management contracts, consistent with the Risk Management Framework established by the Consumer Trustee and approved by the AER.
- Paying amounts from the Fund in accordance with the EII Act, including to network operators in accordance with revenue determinations of the AER.
- Making payments from the Fund to the Consumer Trustee, the Financial Trustee and the AER as required in the Instrument of Appointment or otherwise authorised by the Minister, to enable the exercise of their functions under the EII Act.
- Making contribution orders based on the annual contribution determination made by the AER.
- Receiving money under a contribution order from a Distributed Network Service Provider.¹³¹

The Scheme Financial Vehicle plays a critical role in facilitating the funding and payments to private sector participants in the Roadmap and their investors. The Scheme Financial Vehicle works alongside the other Roadmap entities to incentivise and bring forward private capital investment in electricity infrastructure assets. In FY 2023-24, the Scheme Financial Vehicle maintained confidence as a creditworthy counterparty to:

- LTESAs for projects within the Central-West Orana, New England, South West and Hunter-Central Coast REZs.
- Payment Deeds for both transmission infrastructure projects and Priority Transmission Infrastructure Projects (PTIPs).

On 10 October 2023, the Scheme Financial Vehicle provided their annual report to the Consumer Trustee, which included an audited financial report for the period ending 30 June 2023. The annual report also includes financial impact and financial exposures.¹³²

7 Australian Energy Regulator functions

The NSW Government appointed the AER as a Regulator under the EII Act, in November 2021.¹³³ The Commonwealth and NSW Governments executed a conferral agreement, which sets out the AER's functions as a Regulator.¹³⁴

In FY 2023-24, the AER exercised the following key functions:

- Make, and remake, a 5-year revenue determination for the amount payable to a network operator undertaking a network infrastructure project.
- Make an annual contribution determination for the Electricity Infrastructure Fund.
- Issue guidelines on the exercise of functions by persons and bodies appointed under the EII Act.
- Review tender rules for LTESAs.
- Require the provision of information from network operators.
- Consulted by the Infrastructure Planner on assessment of contestable projects.

This chapter provides further detail on the functions that the AER exercised in FY 2023-24, and its priorities in FY 2024-25.

Appendix D provides tables of functions with information submitted by each entity.

7.1 Make revenue determinations

The AER is responsible for determining the amount payable to network operators, for network infrastructure projects authorised by the Consumer Trustee, or authorised or directed by the Minister.¹³⁵ This includes calculating the prudent, efficient and reasonable capital costs of these projects. This is referred to as the 'transmission efficiency test' in the EII Act.

The AER made 2 revenue determinations, and remade those determinations, in FY 2023-24. The determinations relate to the Waratah Super Battery Project, which comprises the following 4 elements:

- SIPS battery service (contestable): a temporary power supply located at the end of the transmission network, next to the demand centres of Sydney, Newcastle, and Wollongong. It discharges power for up to 2 hours when signalled by the SIPS control system, to ensure power supply is uninterrupted during a contingency event.
- Paired generation services (contestable): a portfolio of generators that will rapidly reduce output when signalled by the SIPS control system, reducing the load on the transmission network in the event of a contingency.
- SIPS control system (non-contestable): a communication system that monitors the activity of the transmission network and initiates network protection measures in the event of a contingency.

- Network augmentations (non-contestable): to increase the transfer capacity of the network by increasing the thermal capacity of the lines (raising and tightening them) and upgrading a series of substations.¹³⁶

The AER follows its determination guidelines (see section 7.3 below) in making and remaking the revenue determinations. These guidelines follow the requirements of sections 38(1)-(6) of the EII Act.

Paired generation services component

On 10 November 2023, Transgrid submitted a revenue proposal to the AER for the paired generation services (contestable) component of the Waratah Super Battery project. It sought to recover the cost of payments it will make to the paired generators. On 29 November 2023, the AER made a determination setting out the amounts that Transgrid is to be paid.¹³⁷

In February 2024, Transgrid submitted a revenue adjustment proposal to the AER, to add a third paired generation provider. The AER adopted the outcomes from the November 2023 competitive assessment process and remade the determination in March 2024.¹³⁸

The AER consulted with the Infrastructure Planner on the Waratah Super Battery contestable revenue determinations.

Network augmentation and SIPS control system components

On 30 June 2023, the AER received a revenue proposal from Transgrid for the non-contestable elements of the Waratah Super Battery project. The non-contestable components include the network augmentation and the SIPS control system. On 15 December 2023, the AER released a final decision on Transgrid's revenue determination for the 2024-29 regulatory control period, for the non-contestable components of the Waratah Super Battery project. Several issues were settled at the draft decision stage or required only minor updates at the final decision stage.¹³⁹ The AER approved \$106.8 million in revenue to be recovered over 2024-29 by Transgrid.¹⁴⁰ This was the first determination for a non-contestable project under the EII Act.¹⁴¹

On 19 June 2024, the AER released its reviewed and remade determination for the costs of non-contestable components in the Waratah Super Battery project, for the 2024-29 regulatory period. This was because the AER identified a material error in the December 2023 determination. The remade decision includes an additional adjustment mechanism, previously omitted, to update the return on equity if required.¹⁴²

The AER consulted with Transgrid, the Consumer Trustee, Infrastructure Planner and Scheme Financial Vehicle, before remaking the Waratah Super Battery non-contestable revenue determination.

7.2 Make an annual contribution determination

The AER also makes annual contribution determinations setting out the amount needed for the Scheme Financial Vehicle to make payments for the delivery of Roadmap projects and functions as specified under the EII Act. This includes the cost of underwriting new renewable generation or storage investment through LTESAs, the capital and operating costs of network investment and the administration costs of the Roadmap entities. The determination also includes a minimum prudent cash balance and the amount required to be paid by each NSW distribution network service provider.¹⁴³

The Scheme Financial Vehicle recovers these amounts from the NSW distribution network service providers. The network service providers pass on these costs to retailers, and in turn to NSW electricity customers through their retail bills.

The AER issued an information request to Roadmap entities in August 2023, to gather input data that underpins its contribution determination.¹⁴⁴ It also consulted with the Financial Trustee in December 2023 and January 2024.¹⁴⁵ It made a contribution determination for 2024-25 on 15 February 2024, which was gazetted on 21 February 2024.¹⁴⁶

The gazette notice included:

- the total contribution determination amount
- the minimum prudent cash balance
- the amounts required to be paid by each NSW electricity distributor
- details of how the contribution determination was made.¹⁴⁷

The AER followed its contribution determination guideline when making the contribution determination.¹⁴⁸ It also consulted with the Financial Trustee and took into account the matters in clause 35 of the EII Regulation.¹⁴⁹

7.3 Guidelines, reviews and updates

The AER makes guidelines to explain to how participants in the energy market must comply with the rules set by the Australian energy Market Commission. Prior to FY 2023-24, the AER had issued 3 guidelines related to the EII Act:

- NSW contribution determination guideline (23 September 2022)
- Revenue determination guideline for NSW contestable network projects (19 August 2022)
- Transmission Efficiency Test and revenue determination guideline for non-contestable network infrastructure projects (non-contestable guideline) (28 April 2023).

On 24 August 2023, the AER issued a revised NSW contribution determination guideline.¹⁵⁰ It introduced some minor changes to the process for NSW scheme entities to submit their input data.¹⁵¹

In FY 2023-24, the AER conducted a review of the existing non-contestable guideline. It reviewed the guideline to:

- improve the efficiency of the non-contestable revenue determination process
- reflect recent changes to the EII Regulation and Chapter 6A of the *National Electricity Rules*
- made other minor updates to clarify existing processes and reflect the outcomes of non-contestable project assessments.

The AER published a draft non-contestable guideline, and held a public forum, in May 2024. It received submissions from stakeholders in May and June 2024.

The AER published an amended non-contestable guideline in July 2024.¹⁵²

7.4 Consulted on tender rules

The AER is required to be consulted by the Consumer Trustee on proposed tender rules for the competitive tender process for LTESAs.¹⁵³ Between February to April 2024, the AER was consulted by the Consumer Trustee on proposed changes to tender rules. Correspondence between the AER and Consumer Trustee is published on their websites.¹⁵⁴

7.5 Issue a Regulatory Information Notice

The AER issued a Regulatory Information Notice to Transgrid for the non-contestable component of the Waratah Super Battery project, in May 2023. Transgrid provided a response in June 2023. The AER also issued a RIN to Transgrid for the paired generation service component, in September 2023. Transgrid provided a response in October 2023. No other RINs were issued in FY 2023-24 as no other revenue proposals were required to be submitted in this period.¹⁵⁵

7.6 Consulted on contestability

The AER was consulted by the Infrastructure Planner as part of their competitive assessment processes in FY 2023-24.¹⁵⁶ The assessment processes were for the Hunter Transmission, Waratah Super Battery and Central-West Orana REZ projects. The consultation was in the form of regular updates and discussions and including the AER as an observer in tender evaluation panel meetings where relevant. The AER also requested information as set out in its contestable guideline for all competitive assessment processes.¹⁵⁷

7.7 Priorities in FY 2024-25

It is expected that the AER will make revenue determinations for the Main Central-West Orana REZ network infrastructure project in FY 2024-25, and in FY 2025-26 for the Enabling Central-West Orana REZ network infrastructure project.

The AER noted that the following draft supporting guidance published in 2022-23 may be impacted by proposed legislative and regulatory changes¹⁵⁸:

- Application of incentive schemes.
- Treatment of confidentiality claims for information provided to the AER.
- Cost allocation requirements for network operators.
- Legal and functional separation for network operators.¹⁵⁹

The AER will provide an update at the next annual report.

8 IPART functions

The NSW Government appointed IPART as a regulator under the EII Act in 2021.¹⁶⁰ Under IPART's role as Regulator, we have 3 main functions under the EII Act:

- Prepare annual reports on the exercise of functions under the EII Act by the Infrastructure Planner, Consumer Trustee, Financial Trustee and Regulators.
- Audit the performance of the Infrastructure Planner, Consumer Trustee, Financial Trustee and Scheme Financial Vehicle.
- Assess whether the Renewable Energy Sector Board's Plan protects the financial interests of NSW electricity customers and is consistent with Australia's international trade obligations and make a recommendation to the Minister.

This chapter provides further detail about the functions that IPART exercised in FY 2023-24, and our priorities in FY 2024-25.

Appendix D provides tables of functions with information submitted by each entity.

8.1 Prepare annual report

As Regulator, IPART must prepare an annual report on the exercise of functions under the EII Act by the Infrastructure Planner, Consumer Trustee and Financial Trustee. It must also report on the functions exercised by both Regulators i.e. IPART and the AER.

This annual report covers FY 2023-24 and is due to the Minister by 31 October 2024. Our annual report must be provided to the Minister no later than 4 months after the end of the financial year to which the report relates.

This annual report is a factual account of the functions exercised by the entities under the EII Act. Our future annual reports may identify links between our annual report and findings from any performance audits we undertake during or prior to the reporting period.

8.2 Conduct performance audits

In November 2023, the Minister amended the performance audit section of the EII Regulation. The EII regulation restricts IPART to routinely auditing each Roadmap entity only once every 5 years. This limit does not apply to follow-up audits, or audits initiated when we reasonably suspect unsatisfactory performance. IPART prepared a [performance audit guideline](#) that sets out how we will undertake our function. We also prepared a [forward work program](#) that sets out the routine performance audits of the Financial Trustee and Scheme Financial Vehicle in FY 2024-25.

IPART must audit the performance of certain entities that perform functions under the EII Act, i.e. the Infrastructure Planner, Consumer Trustee, Financial Trustee and Scheme Financial Vehicle. The performance audits will inform the Minister and the public about how well the Roadmap, and the above 4 entities' functions, are delivered. Ultimately, the audits aim to improve administration and promote accountability and transparency.

The focus of the FY 2024-25 audits is on the management of financial risk that impacts consumers and investors in Roadmap infrastructure projects, rather than the delivery of the Roadmap. This audit is important to give confidence to Government and consumers that the financial risks are managed appropriately, and consumers' interests are protected.

IPART took a consultative approach to our 2024-25 audit program. We balanced the level of assurance required in performance audits, against the regulatory burden that will be placed on the entities delivering the Roadmap's objectives.

In developing our 2024-25 audit program and priorities, we have considered a range of factors including the timing and scope of other reviews being undertaken on the Roadmap entities, and the risk profile of elements of the Roadmap. A risk-based approach to performance audits allows IPART to efficiently prioritise efforts to areas of higher consequence, minimise cost to the entities and ensure that the Roadmap industry and the broader community have the benefit of a proportionate, informative audit program.

In FY 2024-25, we will engage an audit service provider to assist us in planning and conducting performance audits of the financial entities. We will determine specific audit objectives that evaluate the performance of the function, or functions, of the Financial Trustee and Scheme Financial Vehicle. We will evaluate the entities' performance with respect to economy, efficiency and/or effectiveness against the identified criteria, and the entities' compliance with obligations of the EII Act.

8.3 Review the Renewable Energy Sector Board's Plan

The Minister established a Renewable Energy Sector Board, to provide advice on the operation of the renewable energy sector and the manufacture and construction of infrastructure in the sector.¹⁶¹ The Minister appointed members to the Board, which consists of representatives from certain groups including unions, employers, project developers, and NSW electricity customers.¹⁶²

The Board must prepare a plan setting out how, in a cost-effective way to:

- maximise the use of locally produced and supplied goods and services
- maximise the employment of suitable qualified local workers
- foster opportunities for apprentices and trainees.¹

IPART may recommend that the Minister approve the plan only if we are satisfied that the plan:

- protects the financial interests of NSW electricity customers
- is consistent with Australia's international trade obligations.¹⁶³

We completed our last review of the plan in July 2022.¹⁶⁴ The Department did not provide a revised Board's Plan to us in FY 2023-24. The Board must review the plan at least once every 2 years. We understand that the Board's Plan is under review, and we will assess the plan against the required objectives.

¹ The Board must prepare the plan under section 7(4)(a) of the EII Act. Section 8(1) of the EII Act sets out the required content of the plan.

8.4 Priorities in FY 2024-25

IPART's expected key deliverables in FY 2024-25 include:

- Conduct our first performance audits of the Financial Trustee and Scheme Financial Vehicle, and subsequently publish an audit report.
- Develop an audit plan for FY 2025-26, including consultation with the relevant Roadmap entity/s.
- Prepare our annual report for FY 2023-24 and include indicators on the Roadmap's progress from the Department.

9 Environment Protection Authority functions

The EPA was officially appointed as a Regulator by the Minister on 12 July 2024. The EPA has functions prescribed under Part 12 of the EII Regulation.

For FY 2023-24, section 64(1) of the EII Regulation provided that the EPA must exercise the functions of the Regulator under Division 3 of Part 12 of the EII Regulation, if a Regulator is not appointed under section 64 of the EII Act.

The EPA's role as a Regulator under Part 12 is to ensure firming infrastructure operators in NSW meet their greenhouse gas emissions intensity obligations.¹⁶⁵ Firing infrastructure operators can enter LTESAs with the Scheme Financial Vehicle. Operators would need to comply with the greenhouse gas emissions requirements under Part 12.

The EPA's role is to determine:

- the greenhouse gas intensity of NSW electricity generators (in total)
- the greenhouse gas intensity of each firming infrastructure facility in NSW
- whether these operators have satisfied their offset obligations, and
- whether these operators need to procure or surrender carbon credits to meet their obligations.¹⁶⁶

This chapter outlines the functions that the EPA exercised in FY 2023-24.

Appendix D provides tables of functions with information submitted by each entity.

9.1 Develop method for calculating emissions intensity and offset units

The EPA has developed methodologies for calculating emissions intensity and offset units. In October 2023, it published the methodologies and provided calculation examples in its [Guideline on offsetting requirements for electricity firming infrastructure](#).

The guide applies to facilities that have signed a firming LTESA with the Scheme Financial Vehicle. The guide does not apply to battery energy storage systems, as the emissions intensity is taken to be zero. The guide also does not capture firming infrastructure operators who have entered Demand Response^m LTESAs.¹⁶⁷

^m Demand response is where energy consumers (usually businesses that use a lot of energy), reduce their use of electricity from the NSW grid to free up electricity during periods of high demand. Energy users can help to free up grid capacity by switching to batteries or back-up generation, or by shifting their high energy use to a different time to reduce demand at peak times. Consumers contracted under a Demand Response LTESA are paid to reduce their loads on the NSW grid. Source: NSW EPA, [Firming infrastructure FAQ](#), accessed 3 September 2024.

9.2 Calculate NSW grid greenhouse gas emissions intensity

The EPA has calculated and published the [NSW grid greenhouse gas \(GHG\) emissions intensity](#) for the 2021 and 2022 calendar years. In 2021, the NSW grid's GHG emissions intensity was 0.69 (tCO₂-e/MWh), and in 2022 it was 0.66.

The Scheme Financial Vehicle has executed 6 LTESAs for firming infrastructure i.e. 3 firming supply agreements and 3 demand response agreements. The EPA must ensure that facilities holding a firming supply agreement meet their emission intensity obligations. The facilities are expected to be operational from December 2025. Once operational, the EPA must calculate the GHG emissions intensities of the NSW grid and the 3 firming supply facilities using the formulas prescribed in the EII Regulation.¹⁶⁸

9.3 Determine offset units requirements

The EPA needs to determine if firming infrastructure operators need to purchase and surrender offset units to meet their obligations.¹⁶⁹ Prior to 1 January 2036, offsets will be required if the emissions intensity of a facility is higher than that of the NSW grid for each calendar year. On or after 1 January 2036, firming infrastructure operators must achieve net zero by purchasing offset units equal to their facilities scope 1 emissions annually.¹⁷⁰

The EPA has advised us that in FY 2023-24, it has not needed to:

- calculate offset units
- estimate the cost of offset units and determine a reasonable administration fee
- procure and surrender the offset units required to be procured and surrendered by an LTES operator, who made a payment under clause 62(3) instead of procuring and surrendering the offset units.¹⁷¹

However, the EPA has advised it is working closely with the Department and Scheme Financial Vehicle to establish a simple and effective process, to enable the transfer of funds between the relevant parties and allow offsets to be procured and surrendered when needed.

Appendices

A Glossary

Table A.1 Glossary of terms

| Term | Meaning |
|---|---|
| Access fees | Fees paid by Network Operators for access rights |
| Access rights | Rights granted by the Consumer Trustee to access and use specified network infrastructure within a REZ. |
| AEMO | Australian Energy Market Operator is a public company limited by guarantee with a membership of state and federal governments (60%) and energy industry members (40%). The AEMO's role is to manage the electricity and gas systems and markets across Australia. |
| AER | Australian Energy Regulator |
| Board's Plan | Renewable Energy Sector Board's Plan |
| Consumer Trustee | An entity created under the Roadmap with various planning, advisory and procurement functions that acts independently and in the long-term financial interest of NSW electricity customers. |
| Department | NSW Department of Climate Change, Energy, the Environment and Water |
| Distribution Network Service Providers (DNSP) | Utility companies that provide electricity distribution network services |
| EII Act | <i>Electricity Infrastructure Investment Act 2020</i> |
| EII Regulation | <i>Electricity Infrastructure Investment Regulation 2021</i> |
| Electricity Infrastructure Fund | An account kept with an authorised deposit-taking institution for the purposes of the Scheme Financial Vehicle |
| EnergyCo | The Energy Corporation of NSW |
| EPA | NSW Environment Protection Authority |
| Financial Trustee | An entity created under the Roadmap that administers the Scheme Financial Vehicle |
| Fund | Electricity Infrastructure Fund |
| FY 2023-24 | Financial year from 1 July 2023 to 30 June 2024 |
| FY 2024-25 | Financial year from 1 July 2024 to 30 June 2025 |
| Infrastructure Planner | EnergyCo, appointed by the Minister to plan the location of REZs and coordinate where generation, long duration storage and firming capacity will be built, as well as coordinate, contract and oversee network operators' delivery of transmission network infrastructure required to connect the generation built in REZs to the electricity grid |
| IPART | Independent Pricing and Regulatory Tribunal |
| LTESA | Long-term energy service agreement |
| MERI | Monitoring, Evaluation, Reporting and Improvement framework for the Electricity Infrastructure Roadmap, developed by the NSW Department of Climate Change, Energy the Environment and Water. |
| Minister | The Minister for Energy |
| Network Operator | A Distribution Network Service Provider that provides network services within a REZ |
| PTIP | Priority Transmission Infrastructure Project |
| Regulator | The Minister appointed IPART, Australian Energy Regulator (AER) and the Environment Protection Authority (EPA) as Regulator under the EII Act. |
| REZ | Renewable Energy Zone |

| Term | Meaning |
|--------------------------|--|
| Roadmap | Electricity Infrastructure Roadmap - the NSW Government's plan to transform the NSW electricity system. For the purposes of this report a reference to the Roadmap is a reference to the elements of the Roadmap that fall under the EII Act only. |
| Scheme Financial Vehicle | A corporation created and administered by the Financial Trustee that facilitates funding and payments to private sector participants in the Roadmap via the Electricity Infrastructure Fund |
| SIPS | System Integrity Protection Scheme |

B Minister's information requirement

The Hon Penny Sharpe MLC

Minister for Climate Change, Minister for Energy,
Minister for the Environment, Minister for Heritage,
Leader of the Government in the Legislative Council



Your ref: D24/6049
Our ref: DOC24/304827

Mr Andrew Nicholls PSM
Chief Executive Officer
IPART

By email: andrew_nicholls@ipart.nsw.gov.au

Dear Mr ~~Nicholls~~ *Andrew*,

Thank you for the work IPART is undertaking to prepare the 2023/24 Electricity Infrastructure Roadmap Annual Report.

As you know, under section 70(3) of the *Electricity Infrastructure Investment Act 2020* (EII Act), the Annual Report must contain information required by the Minister.

In line with my request last year, I continue to be interested in outcomes for local Aboriginal communities and the achievement of local content requirements through the implementation of the Electricity Infrastructure Roadmap. I would therefore like the report to contain the following:

- Information about local content commitments made and corresponding results due to the Consumer Trustee and Infrastructure Planner's consideration of the Renewable Energy Sector Board's Plan (section 8 of the Act, including minimum local content requirements) when exercising their functions under the EII Act.
- Information about consultation with local Aboriginal communities, and income and employment commitments made and corresponding results for local Aboriginal communities due to the Consumer Trustee and Infrastructure Planner's consideration of the First Nations Guidelines (section 4 of the Act) when exercising their functions under the EII Act.

The Electricity Infrastructure Roadmap now has a Monitoring, Evaluation, Reporting, and Improvement (MERI) Framework. This framework includes Key Performance Indicators (KPIs) and Outcome Indicators (OIs) that align with the Roadmap's objectives. Its purpose is to enhance transparency and accountability by effectively tracking and reporting on the Roadmap.

I ask that you work with the Department of Climate Change, Energy, the Environment and Water to include reporting of some of these indicators in the Annual Report, including the two areas I have highlighted above, where possible. As the implementation of the Roadmap is still in its early stages, I understand that data may not be available for all indicators. The Department will continue to work with IPART to expand reporting against the MERI framework to allow the Annual Report to evolve to be a comprehensive overview of progress implementing the Roadmap.

I would also like the Annual Report to include a summary of the Long-Term Energy Service Agreements and access rights that have been awarded in the past year, including for projects in the Central-West Orana and South-West Renewable Energy Zones.

I look forward to receiving the 2023/24 Annual Report and continuing the productive working relationship with IPART in its delivery.

If you have any further questions about this matter, please contact Mr Tim McMinn, Director Roadmap Governance, Department of Climate Change, Energy, the Environment and Water at tim.mcminn@dpie.nsw.gov.au.

Sincerely

A handwritten signature in blue ink, appearing to read 'Penny Sharpe', with a stylized flourish at the end.

Penny Sharpe MLC

Minister for Climate Change, Minister for Energy,
Minister for the Environment, Minister for Heritage

13/5/24

C MERI indicators

Appendix - Selected Roadmap MERI Indicators

Introduction

The Department of Climate Change, Energy, the Environment and Water (the Department) has developed the Roadmap Monitoring, Evaluation, Reporting, and Improvement (MERI) Framework (the Framework). The Framework guides the implementation of MERI activities within the Roadmap by planning out evaluation and monitoring instruments, and high-level reporting and governance strategies. The framework includes indicators at the outcome level to track and monitor the performance of the Roadmap as a whole in achieving the objectives set forth in the *Electricity Infrastructure Investment Act 2020* (EII Act).) For the 2024 IPART Annual Report, the Department has included an initial set of the MERI indicators in the annual report for transparency and accountability primarily selected based on data availability.

Initial set of MERI indicators

Roadmap MERI indicators consist of

- Key Performance Indicators (KPIs) – each of the ten ultimate outcomes has designated KPI(s) to measure its achievement. The total number of KPIs is kept small for headline reporting purposes.
- Outcome Indicators (OIs) – the KPIs are complemented by OIs, which are identified along the delivery pathways connecting Roadmap actions to its ultimate outcomes. A relatively large number of OIs is necessary to track progress on the Roadmap's complex pathways.

Immediate outcomes are changes that occur as a direct result of the Roadmap's deliverables – the creation of a favourable operational environment conducive to the energy transition.

Intermediate outcomes are changes that occur after the immediate outcomes have been achieved – Roadmap being on track to meet its targets and achieve objectives.

Ultimate outcomes are the furthest-reaching changes that can reasonably be attributed to the Roadmap after the immediate and intermediate outcomes have been achieved – the achievement of objectives set out in the EII Act.

As the Framework is currently in an early stage of implementation, the initial set of indicators for this year's annual report is based on the immediate need to monitor performance in certain areas, the maturity of the indicator estimating method, and the availability of input data. The initial set of indicators were prepared in accordance with Indicator Method Papers that were developed by the Department and shared with IPART. Over time, more MERI indicators will be included in the report as more data becomes available. All indicators and methods will be reviewed regularly to ensure they remain fit for purpose and use the best available data.

The initial set of KPIs and OIs that were selected for being included in this annual report are listed in table 1 against the Roadmap ultimate outcomes and associated EII Act objects. Table 2 provides a description for each of the indicators.

As shown in table 1, the initial set of indicators cover only two of the ten ultimate outcomes. The coverage will increase in the subsequent reports.

Table 1 Initial Roadmap MERI indicators for 2024 annual report (against Roadmap outcomes and EII Act objects)

| Roadmap ultimate outcomes | Related objects in EII Act | KPIs selected for 2024 report | OIs selected for 2024 report | |
|---|----------------------------|---|---|-----------------------------------|
| | | | Intermediate | Immediate |
| NSW electricity customers have an affordable electricity supply avoiding major price spikes when coal-fired power plants are closed and enjoying long term bill savings relative to no Roadmap intervention | EII Act Object (1) (a) | <i>Data not yet available</i> | Progress towards generation minimum objective Progress towards long duration storage minimum objective Progress towards firming capacity sought Progress of network capacity development Percent projects commissioned on time | Subscription rate of LTESA |
| NSW electricity customers continue to enjoy reliable and secure energy supply resilient to peak demand surges and contingent events (against EST) during the energy transition | EII Act Object (1) (a) | Percent unserved energy | | |
| NSW has an increasing share of renewable energy in its power supply to contribute to the achievement of Net Zero target | EII Act Object (1) (a) | Percent renewable energy share Grid emission intensity | | |
| Roadmap actions reduce investment risks and attracts sufficient new energy investment in NSW | EII Act Object (1) (c) | <i>Data not yet available</i> | | |
| Investment in new energy infrastructures occurs in coordination to reduce risk and cost for investors | EII Act Object (1)(b) | <i>Data not yet available</i> | | |
| Investment in new energy infrastructure has local community support to further reduce the risk of the investment | EII Act Object (1) (d) | <i>Data not yet available</i> | | |

| Roadmap ultimate outcomes | Related objects in EII Act | KPIs selected for 2024 report | OIs selected for 2024 report | |
|---|-----------------------------------|-------------------------------|------------------------------|-----------|
| | | | Intermediate | Immediate |
| Economic development, and the growth of manufacturing and exports are stimulated | EII Act Objects (1) (e), (i) | <i>Data not yet available</i> | | |
| Local industries, supply chains in the clean energy sector are thriving | EII Act Objects (1) (e), (h) | <i>Data not yet available</i> | | |
| New employment is created and there is a skilled workforce in the renewable energy sectors | EII Act Objects (1) (f), (g), (h) | <i>Data not yet available</i> | | |
| There are inter-generational benefits for Aboriginal and Torres Strait Island people and communities through a diverse range of income and employment opportunities | EII Act objects (1)(f) and (2)(a) | <i>Data not yet available</i> | | |

Table 23 Description of initial Roadmap MERI indicators for 2024 annual report

| Outcome level | Name | Description |
|---------------------------|--|--|
| KPIs (ultimate) | Percent unserved energy | Percent of unserved energy in NSW as a proportion of total energy demand |
| | Percent renewable energy share | Percent renewable energy in total electricity supply |
| | Grid emission intensity | Emission intensity of grid electricity used in NSW (tonne CO ₂ eq/MWh) |
| OIs (intermediate) | Percent projects commissioned on time | Percent of Roadmap supported generation projects that meet agreed commissioning timeframe |
| | Progress towards generation minimum objective | Ratio of constructed and expected energy generation to the minimum objective set out in EII Act |
| | Progress towards long duration storage minimum objective | Ratio of constructed and expected long duration storage (LDS) capacity and storage capacity to the minimum objective set out in EII Act (GW for capacity and GWh for storage capacity) |
| | Progress towards firming capacity sought | Ratio of new firming capacity to the firming capacity sought during tenders |
| | Progress of network capacity development | Progress of REZ and PTIP network capacity development |
| OIs (immediate) | Subscription rate of LTESA | Subscription rate during LTESA tender rounds |

Indicators and benchmarks

To enable an indicator to measure certain performance, an indicator should consist of two components:

- The measured value of the performance of interest, and
- A benchmark to which the measured value is compared.

By benchmark, it is broadly meant one or more of the following:

- A set target, for example, the interim reliability measure for the measured reliability performance;
- A counterfactual baseline, for example, forecast electricity cost to consumers if the Roadmap had not been in place;
- A comparable result of peers / common expectation / performance of the field leader, for example, percent renewable penetration compared to other states.

Description of initial indicators

The nine initial MERI indicators are discussed below in more details.

Percent unserved energy

This is one of the indicators identified in the Roadmap MERI Framework for tracking the Roadmap's outcome of "NSW electricity customers continue to enjoy reliable and secure energy supply resilient to peak demand surges and contingent events (against EST) during the energy transition" underpinning a key objective of the EII Act to improve the reliability of electricity supply.

Unserved energy is “the amount of customer demand that cannot be supplied within a region of the NEM due to a shortage of generation, demand-side participation, or interconnector capacity. It describes the amount of wholesale unserved energy — as opposed to interruptions from networks (e.g. faults in the distribution and transmission elements)”¹. In our method, we treat unserved energy as the sum of energy not served to NSW customers during actual Lack of Reserve level 3 (LOR3) load shedding events.

Benchmark: The benchmark of the indicator is the reliability standard that is defined in clause 3.9.3C of the National Electricity Rules (NER). The interim reliability measure (IRM) of 0.0006 per cent is currently applicable until 30 June 2028, reliability standard of 0.002 per cent will then become the benchmark from 1 July 2028². If the indicator value for a given financial year is above the IRM of 0.0006 per cent, or the reliability standard of 0.002 per cent³, whichever is applicable, reliability standard was not met in that financial year.

Percent renewable energy share

This is one of the indicators identified in the Roadmap MERI Framework to track the ultimate outcome of “NSW has an increasing share of renewable energy in its power supply to contribute to the achievement of Net Zero target”. It includes rooftop PV generation as well as off-grid generation and behind-the-meter non-scheduled generation.

For the purposes of this indicators, (1) NSW is defined as a region within the National Electricity Market (NEM), which includes the ACT, and (2) renewable fuels for electricity generation include biomass (bagasse, wood, and biogas), wind, hydro, large-scale solar PV, behind-the-meter small-scale solar PV, and geothermal.

Benchmark: As the indicator is purported to track a continuous increase in renewable energy penetration over time, the latest value of the indicator needs to be compared with the values for the preceding years to show a healthy level of increase. The baseline benchmark for this indicator is projected percent of renewable energy generation in NSW calculated from the development pathway of the central scenario of the 2023 Infrastructure Investment Objectives report (IIO). This benchmark may be updated based on future IIO Reports. Based on the 2023 IIO Report, the forecast renewable energy generation share in 2030 for the electricity generation sector is at least 76%.

Grid emission intensity

This is one of the indicators identified in the Roadmap MERI Framework to track the ultimate outcome of “NSW has an increasing share of renewable energy in its power supply to contribute to the achievement of Net Zero target”.

The average emission intensity of grid electricity used in NSW, in tonnes of carbon dioxide equivalent per megawatt hour, is a volumetric-weighted average, considering the emission intensities of NSW, Vic, and Qld based on net used NSW-generated electricity and imported electricity supplies from Vic and Qld. Emission intensity thus

¹ AEMC, 2020, Rule Determination – National Electricity Amendment (Transparency of Unserved Energy Calculation) Rule 2020 <https://www.aemc.gov.au/sites/default/files/2020-11/AEMC%20Final%20Determination%20-%20ERC0279%20%20-%20Transparency%20of%20Unserved%20Energy%20Calculation.pdf>

² Reliability standard – the Act, s 43, Electricity Infrastructure Investment Regulation 2021 Clause 23

³ Reliability standard and interim reliability measure, National Electricity Rules Clause 3.9.3C

depends on energy generated and consumed NSW, as well as imports and exports between NSW to other regions in the National Electricity Market. It therefore reflects the average emissions intensity of all electricity consumed in NSW.

Benchmark: As the indicator is purported to track a continuous decrease in grid emission intensity over time, the latest value of the indicator is expected to be at least no greater than the value of the preceding year. In contrast to the Percent renewable energy share indicator, which is energy generated in NSW only, this indicator takes into account imports and exports to and from other regions. If there is insufficient new renewable energy generation built in NSW, this indicator may change due to the impact of increased imports from other regions. If the other region has a higher grid emissions intensity, increasing imports from this region will increase NSW grid emissions intensity. Currently there is no overall target adopted for grid emission intensity .

Percent projects commissioned on time

This is an indicator identified in Roadmap MERI Framework to track the intermediate outcome of “Roadmap supported projects, through Access Rights and Long-Term Energy Service Agreements (LTESA), reach financial close on schedule to enable the timely construction and commissioning of generation infrastructure”.

The indicator calculates the per cent of Roadmap supported generation capacity, in terms of total maximum generation capacity (MW) of each project that completes full commercial operation commissioning on or before the agreed commissioning timeframe.

Roadmap supported generation projects in this indicator include generation, firming, and long duration storage projects that have been awarded LTESA and/or Access Rights.

Benchmark: The benchmark is the agreed commissioning timeframe defined in two stages: (1) the target date for commercial operation date (COD), and (2) the date specified in sunset clause for COD.

Progress towards generation minimum objective

This indicator is to track the intermediate outcome of “New generation capacity is commissioned in time to sufficiently fill in the retired generation capacity and future demand”.

New renewable generation projects must be **constructed** and **commissioned** before 2030 to be counted towards meeting the 2030 generation minimum objective. Projects in commissioning, committed or having received an LTESA are captured under **expected** status to show progress towards meeting the minimum objective. These projects must be constructed and commissioned before 2030 to ultimately contribute to the 2030 generation minimum objective.

Eligible projects include solar, wind or bioenergy projects in New South Wales with generation capacity of at least 30 megawatts (MW), not committed before 14 November 2019 (s43(3), EII Act). They should be categorised by AEMO in the latest Generation Information publication as either committed or existing. Also included are projects that are awarded a LTESA, Access Rights, and a maximum of 1.1 GW from Australian Government’s Capacity Investment Scheme (CIS) tender 1 under the AEMO Services tenders.

Benchmark: For energy generation, the benchmark is set out in the EII Act. By the end of 2029, the construction of generation infrastructure that generates at least the same amount of electricity in a year as:

- 8 gigawatts of generation capacity from the New England renewable energy zone, and
- 3 gigawatts of generation capacity from the Central-West Orana renewable energy zone, and
- 1 additional gigawatt of generation capacity (refer to s44(3), EII Act)

This has been calculated by the Consumer Trustee in accordance with the EII Regulation to be 33,600 GWh of energy generation.

Progress towards long duration storage minimum objective

This is an indicator identified in the Roadmap MERI Framework to track the intermediate outcome of “New long-duration storage capacity is commissioned in time to supplement the reliability of new generation”.

New long duration energy storage projects must be **constructed** and **commissioned** before 2030 to be counted towards meeting the 2030 long duration storage minimum objective. Projects in commissioning, committed or having received an LTESA are captured under **expected** status to show progress towards meeting the minimum objective. These projects must be constructed and commissioned before 2030 to ultimately contribute to the 2030 long duration storage minimum objective.

Eligible projects include energy storage projects not committed before 14 November 2019 (refer to s43(3), EII Act), with a registered capacity that can be dispatched for at least 8 hours. They should be categorised by AEMO generation information page as either committed, in commissioning or in service. Projects that are awarded a Long-Term Service Agreement (LTESA) under the AEMO Services’ tenders are also included.

Benchmark: The construction of long-duration storage infrastructure with at least:

- storage of 16 gigawatt hours, and
- capacity of 2 gigawatts (s44(3b), EII Act).

Progress towards firming capacity sought

This is an indicator identified in the Roadmap MERI Framework to track the intermediate outcome of “New firming projects are commissioned to meet peak demand”.

The indicator measures the ratio of total generation capacity of new firming infrastructure (both constructed and expected) in New South Wales that were awarded an LTESA during firming infrastructure tender rounds, against the total firming capacity that was sought during tenders.

Eligible projects include projects that are awarded an LTESA under the AEMO Services’ firming tenders.

Benchmark: This indicator is compared against the sum of all directed LTESA firming tenders’ capacity. AEMO Services published its modelled required capacity of firming in the annual Infrastructure Investment Objective Report and LTESA tenders website.

Progress of network capacity development

This is a related indicator identified in the Roadmap MERI Framework to track the intermediate outcome of “Electricity customers are not exposed to excessive costs from overly contracting network infrastructure”.

The indicator reports on the progress of development status of network projects in each Renewable Energy Zone (REZ) and Priority Transmission Infrastructure Project (PTIP) listed under “Deliver Now” category from the 2023 Network Infrastructure Strategy for NSW (NIS), along with the expected network capacity from each project, baseline delivery timing, and updated in service timing for each project.

Benchmark: The completion of the network infrastructure projects is compared with the expected baseline delivery timing as reported in the current version of the NIS. Two benchmark timing frames are provided (refer to Reporting Format) – Baseline delivery timing (2023 version of NIS) and Updated service timing (most recent release NIS or AEMO’s transmission augmentation information publication).

Subscription rate of LTESA

This is an indicator identified in Roadmap MERI Framework to track the Roadmap’s immediate outcome of “Development pathways are clearly set out to inform investor’s planning by IIO”.

The indicator reports on the total number of unique projects that made an application for each LTESA round (include both eligible and ineligible bids) and the proportion of total maximum generation capacity from these projects to indicative tender size for each LTESA round. Generation, long duration storage (LDS), and firming infrastructure projects are included.

Benchmark: The total number of unique projects that made an application for each LTESA round has no benchmark. It intends to gauge the attractiveness of the LTESA tender. It may be possible in the future to compare the value to a peer program or an industry norm if such benchmark is identified. The benchmark for the proportion of total maximum generation capacity to indicative tender size for each LTESA round is considered self-contained.

Indicator reporting

Data for reported indicators is for the period to 30 June 2024.

Percent unserved energy

Table 45 Percent of unserved energy in NSW as a proportion of total energy demand

| Financial year | Percent of unserved energy in NSW as a proportion of total energy demand | Benchmark reliability standard (Interim Reliability Standard until end June 2028) |
|----------------|--|---|
| 2021/22 | 0% | 0.0006% |
| 2022/23 | 0% | 0.0006% |

| | | |
|----------------|--------------------|---------|
| 2023/24 | 0% (interim value) | 0.0006% |
|----------------|--------------------|---------|

Percent renewable energy share

Table 67 Percent renewable energy in total electricity supply

| Financial Year | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|---|---------|---------|---------|---------|-------------------|
| Per cent of renewable energy generation in NSW | 19.0% | 24.4% | 29.8% | 33.6% | Not yet available |

Benchmark: At least 76% by 2030.

Grid emission intensity

Table 89 Emission intensity of grid electricity used in NSW⁴

| Financial Year | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 |
|--|---------|---------|---------|---------|----------------|
| Grid emission intensity in NSW (scope 2 emission factor) tonne CO₂-e/MWh | 0.78 | 0.73 | 0.68 | 0.66 | 0.64 (interim) |

Percent projects commissioned on time

Table 1011 Percent of Roadmap supported generation projects that meet agreed commissioning timeframe

| Infrastructure type | Per cent of generation capacity that meet target commercial operation date | Per cent of generation capacity that meet sunset commercial operation date |
|---------------------|--|--|
| Generation | 100% | 100% |
| LDS | N/A ⁵ | N/A |
| Firming | N/A | N/A |

Two generation projects with LTESAs have been commissioned, meeting agreed commissioning timeframes.

Progress towards generation minimum objective

Table 12 7 Ratio of constructed and expected energy generation (GWh) to the minimum objective

| Status | Technology | REZ | | | | | Total |
|--------------------|------------|-------|------|-----|----|-------|-------|
| | | CWO | NE | HCC | SW | Other | |
| Expected | Wind | 3.8% | - | - | - | 3.1% | 6.9% |
| | Solar | 6.4% | 3.3% | - | - | 7.0% | 16.6% |
| Constructed | Wind | - | - | - | - | 9.4% | 9.4% |
| | Solar | 2.2% | 3.6% | - | - | 5.0% | 10.7% |
| Total | | 12.4% | 6.8% | | | 24.5% | 43.7% |

Benchmark: 100% by 2030.

⁴ Values from 2019-20 to 2022-23 financial year are taken from published National Greenhouse Accounts Factors report. Interim results are calculated using CDEII values published by AEMO, accounting for impact of interconnector flows.

⁵ N/A means the agreed commissioning timeframe is set after as of date.

Since the end of the reporting period (30 June 2024) one additional solar project has reached committed status, taking the total ratio of constructed and expected energy generation to the minimum objective to 44.3% as at end of September 2024.

Progress towards long duration storage minimum objective

Table 8 13 Ratio of constructed and expected LDS capacity and storage capacity to the minimum objective

| Status | Technology | Ratio of LDS capacity | Ratio of storage capacity |
|-------------|-------------------------------|-----------------------|---------------------------|
| Expected | Compressed Air Energy Storage | 10.0% | 10.0% |
| | Battery Storage | 18.7% | 18.7% |
| Constructed | Compressed Air Energy Storage | - | - |
| | Battery Storage | - | - |
| Total | | 28.7% | 28.7% |

Benchmark: 100% by 2030.

Progress towards firming capacity sought

Table 9 14 Ratio of new firming capacity to the firming capacity sought during tenders

| Status | Technology | Total |
|-------------|-----------------|--------|
| Expected | Battery Storage | 105.4% |
| | Demand response | 10.2% |
| Constructed | Battery Storage | - |
| | Demand response | - |
| Total | | 115.6% |

Progress of network capacity development

Table 10 15 Progress of REZ and PTIP network capacity development

| Project Name | Stage | REZ declaration, procurement, authorisation and determination status | | | | | Planning approval and construction update | | | Network capacity ⁶ | Baseline delivery timing (2023 NIS) | Updated in service timing ⁷ |
|-----------------------------|------------------------|--|---------------------------|------------------------------|--------------------------------------|--------------------------------------|---|--------------|------------|-------------------------------|-------------------------------------|--|
| | | REZ declaration | Access scheme declaration | Network Operator procurement | Network infrastructure authorisation | Network infrastructure determination | Planning approvals | Construction | Completion | | | |
| CWO REZ | Stage 1 | | | | | | | | | 4.5 GW | 2027/28 | 2028 |
| New England REZ | Stage 1 | | | | | | | | | 2.4 GW | 2029 | 2031 |
| | Stage 2 | | | | | | | | | 3.6 GW | 2031 | 2033 |
| Hunter-Central Coast REZ | Stage 1 | | | | | | | | | 0.95 GW | 2027 | 2027 |
| South West REZ ⁸ | Project Energy Connect | | | N/A (RIT-T) | N/A (RIT-T) | | | | | 0.8 GW | 2026 | 2026 |
| | Hume Link | | | N/A (RIT-T) | N/A (RIT-T) | | | | | 1 GW | 2028 | 2026 |
| | VNI West | | | N/A (RIT-T) | N/A (RIT-T) | | | | | Up to 0.9 GW | 2031 | 2028 |

⁶ Network capacity for each REZ and PTIP are not strictly additive. For example, Hunter Transmission Project does not add network capacity, rather it unlocks the electricity supply from CWO and New England REZs and allow electricity from the two REZs to be delivered to consumers in the Hunter, Sydney and Illawarra.

⁷ Updated in service timing for REZ and PTIP projects comes from **2024 ISP** (except for Waratah Super Battery, from Transgrid website).

⁸ South West REZ projects are delivered through RIT-T process by Transgrid. As such, network operator procurement and infrastructure authorisation steps are not applicable in the South West REZ.

| Project Name | Stage | REZ declaration, procurement, authorisation and determination status | | | | | Planning approval and construction update | | | Network capacity ⁶ | Baseline delivery timing (2023 NIS) | Updated in service timing ⁷ |
|------------------------------------|---------|--|---------------------------|------------------------------|--------------------------------------|--------------------------------------|---|--------------|------------|-------------------------------|-------------------------------------|--|
| | | REZ declaration | Access scheme declaration | Network Operator procurement | Network infrastructure authorisation | Network infrastructure determination | Planning approvals | Construction | Completion | | | |
| Hunter Transmission Project | Stage 1 | PTIP, no REZ or access scheme declaration needed | | | | | | | | 5 GW | 2027 | 2028 |
| Waratah Super Battery ⁹ | N/A | PTIP, no REZ or access scheme declaration needed | | | | | | | | 0.9 GW | 2025 | 2025 |

Legend

| | |
|--|-------------|
| | Completed |
| | In progress |

⁹ The Waratah Super Battery Project refers to the BESS component (0.85GW/1.68GWh), a 700MW SIPS scheme and minor upgrades to Transgrid's existing network.

Subscription rate of LTESA

Table 11 16 Subscription rate during LTESA tender rounds

| LTESA rounds | Infrastructure type | Total number of bids | Proportion of total maximum capacity from project applications to indicative tender size |
|----------------|---------------------|----------------------|--|
| Round 1 | Generation | 33 | 578% ¹⁰ |
| | LDS | | 416% |
| Round 2 | Generation | 18 | 868% ¹¹ |
| | LDS | | - |
| Round 3 | Generation | 18 | 332% |
| | LDS | | 296% |
| Round 4 | Generation | 7 | 137% |
| | LDS | | - |

¹⁰ Using 950 MW as the indicative tender size, which approximates the 2500 GWh indicative tender size.

¹¹ This is based on the initial indicative tender size of 380 MW. This was increased to 930 MW, in which case this figure is 354%.

D Tables of functions

This appendix provides tables of functions for each entity under the EII Act. The tables present information submitted by the entities on:

- how the entity exercised each of its functions in FY 2023-24
- an explanation of why certain functions were not, or could not, be carried out in FY 2023-24
- forward-looking information relating to functions expected to be exercised in FY 2024-25.

All the entities' submissions are available on [IPART's website](#).

IPART has updated the tables of functions below to:

- include additional information and clarifications from entities in subsequent correspondence
- reflect amendments to the EII Act during FY 2023-24
- refer to entities' names as under the EII Act i.e. Infrastructure Planner, Consumer Trustee, Financial Trustee and Scheme Financial Vehicle
- be consistent with this annual report's writing style (e.g. use of 'FY 2023-24').

D.1 Infrastructure Planner

Table D.1 Infrastructure Planner functions under the EII Act

| Function area | Ref ^a | Function ^b | Comments |
|---|------------------|--|---|
| Consultee about declarations of access regimes | Section 24(6)(a) | The Minister must consult with the Infrastructure Planner before the Minister declares an access scheme that is to apply in a renewable energy zone, or part of a renewable energy zone. | <p>The refined Draft South West REZ Access Scheme Order 2024 was placed on public exhibition by the Minister from December 2023 to February 2024.</p> <p>On 19 December 2023, the Minister for Energy wrote to the Infrastructure Planner to formally consult on the amended South West REZ access scheme declaration (in accordance with s 24 of the EII Act). The Infrastructure Planner did not provide a formal submission to the Minister on the draft declaration as it had prepared the declaration with the Department, and so was able to provide informal feedback in preparing the access scheme declaration.</p> <p>Similarly, the Infrastructure Planner helped the Department to draft a second amendment to the scheme, with a more detailed outline of network infrastructure, which was declared in April 2024.</p> <p>On 29 January 2024, as delegate of the Minister, the Department of Climate Change, Energy, the Environment and Water (the Department) wrote to the Infrastructure Planner to formally consult on amendments to the Central-West Orana REZ access scheme declaration (in accordance with s 24(6) of the EII Act).</p> <p>On 7 February 2024, the Infrastructure Planner wrote to the Department to provide comments on the amendments to the Central West Orana REZ access scheme declaration.</p> |
| Orders prohibiting connection to network infrastructure | Section 29(1) | The Infrastructure Planner may, by order served on a relevant operator, prohibit the relevant operator from allowing a proponent to connect proposed infrastructure to the relevant operator's network infrastructure. | The Infrastructure Planner did not exercise this function in FY 2023-24. |

^a In this column, references to sections are to section of the EII Act, while references to clauses are references to clauses of the regulations.

^b In this column, references to the Regulator are to IPART for performance audit and annual report-related functions, to the EPA for functions under Part 12 of the EII Regulation, and otherwise to the Australian Energy Regulator for all other functions.

| Function area | Ref ^a | Function ^b | Comments |
|---|--------------------|---|---|
| | Sections 29(3)–(5) | <p>The Infrastructure Planner must seek and consider submissions from relevant parties^c, and must not make an order unless they are satisfied of the criteria in section 29(4) or if the proponent has development consent under the <i>Environment Planning and Assessment Act 1979</i> (EP&A Act) to construct and operate the proposed infrastructure.</p> <p>An order must apply to network infrastructure in a specified area within a renewable energy zone.</p> | The Infrastructure Planner did not exercise this function in FY 2023–24 as no order was made under section 29(1). |
| | Section 29(6) | The Infrastructure Planner is to publish guidelines on its website about the exercise of its functions under section 29. | Draft guidelines were published on the Infrastructure Planner's website in June 2022 and remain accessible there. There was no further exercise of this function in 2023–2024. |
| Recommend REZ network infrastructure projects for renewable energy zone | Section 30 | <p>The Infrastructure Planner for a renewable energy zone (currently EnergyCo) is to assess and make recommendations to the Consumer Trustee about REZ network infrastructure projects required for the renewable energy zone within the period specified by the Consumer Trustee.</p> <p>In assessing and making recommendations about REZ network infrastructure projects, the Infrastructure Planner must consult the relevant parties^d.</p> | The Infrastructure Planner made recommendations in relation to the Main Central-West Orana REZ network infrastructure project and Central-West Orana REZ Enabling REZ network infrastructure project on 22 December 2023. A public report was made available on 22 May 2024 and the project was authorised by the Consumer Trustee on 4 June 2024. |
| Contracts | Section 63(4)(a) | The Infrastructure Planner has the function of contracting in connection with the exercise of its functions under the EII Act. | <p>The Infrastructure Planner entered a range of contracts to facilitate various Renewable Energy Zones (REZs) and Priority Transmission Infrastructure Projects (PTIPs). Details are provided in the Infrastructure Planner's Annual Report.</p> <p>The key contracts entered by the Infrastructure Planner to facilitate REZs and PTIPs during FY 2023–24 are as follows:</p> <ul style="list-style-type: none"> On 18 December 2023, the Infrastructure Planner entered a commitment deed with a consortium comprised of ACCIONA, COBRA and Endeavour Energy (ACERREZ) as the preferred network operator for the Central-West Orana REZ (commitment deed). The commitment deed sets out the terms on which the preferred network operator will among other things, offer to perform the REZ Project, seek revenue determinations from the Regulator, perform early activities, and finalise and enter project agreements with the Infrastructure Planner and other parties. |

^c Section 29(3), the relevant operators in the local area, the proponent, and the local council in the local area.

^d Section 30(3). AEMO, relevant operators in the renewable energy zone and each local council in the renewable energy zone.

| Function area | Ref ^a | Function ^b | Comments |
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| | | | <ul style="list-style-type: none"> On 11 December 2023, the Infrastructure Planner entered a Central-West Orana REZ Independent Certifier deed with GHD Pty Ltd, Jacobs Group (Australia) Pty Ltd and, on and from the accession date, the appointed network operator for the Central-West Orana REZ (IC deed). The IC deed sets out the terms on which GHD and Jacobs Group (together, the Independent Certifier) are engaged by the Infrastructure Planner to perform the Independent Certifier functions contemplated by the commitment deed. On 21 March 2024, the Infrastructure Planner entered a Master Services Agreement with NSW Electricity Networks Operations Pty Limited, as trustee for NSW Electricity Networks Operations Trust (Transgrid) in respect of the Hunter Transmission Project. The Master Services Agreement establishes a framework for the Infrastructure Planner to obtain services from Transgrid to support the Infrastructure Planner in the performance of its statutory functions under the EII Act for the Hunter Transmission Project. <p>Additionally, the Infrastructure Planner has entered a number of third-party agreements, access agreements and licence arrangements with landowners impacted by the Central-West Orana REZ and Hunter Transmission Project. These agreements secure required rights of access and land tenure for preliminary investigations, surveys, and construction of the infrastructure required for delivery of the Central-West Orana REZ and Hunter Transmission Project.</p> |
| Generation, storage, and network infrastructure | Section 63(4)(b)-(c) | <p>The Infrastructure Planner is to investigate, plan, co-ordinate and carry out:</p> <ul style="list-style-type: none"> planning and design of generation infrastructure planning, design, construction, and operation of storage and network infrastructure. | <p>The Infrastructure Planner participates in ongoing Joint Planning activities with AEMO and Network Service Providers (transmission and distribution) throughout NSW. Joint Planning is an important forum to contribute to network planning documents such as the Integrated System Plan. Joint Planning at a region-specific level also informs the development of all REZs and is central to the early development of the Hunter-Central Coast and Illawarra REZs.</p> <p>For the Central-West Orana Renewable Energy Zone (CWO REZ), progress in planning, design and co-ordination through the 2023-24 financial year included:</p> <ul style="list-style-type: none"> In October 2023, \$128 million of funding was announced for the CWO REZ for community and employment benefits. In December 2023, EnergyCo entered into a commitment deed with a consortium comprised of ACCIONA, COBRA and Endeavour Energy (ACERESZ) as the preferred network operator for the REZ. ACERESZ has signed on to seek approval to design, build, finance, operate and maintain the REZ transmission network |

| Function area | Ref ^a | Function ^b | Comments |
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| | | | <ul style="list-style-type: none"> On 22 January 2024, EnergyCo announced that it would administer an expedited application process to allocate the initial tranche of access rights for generation and storage projects seeking access to the new CWO REZ. The access rights application process is now closed and applications are being assessed In June 2024, the CWO REZ project secured NSW planning approval in June 2024 (the first REZ to achieve this critical step) Preparing for Commonwealth approval under the EPBC Act, which was granted early in August 2024. <p>On the Hunter Transmission Project, public engagement on the preliminary transmission corridor occurred in late 2023. Following this engagement, the corridor was refined to reduce the number of affected landowners and maximise the use of existing mining lands. A scoping report was lodged by the Infrastructure Planner in May 2024, commencing the planning approval pathway.</p> <p>For the New England REZ, the Infrastructure Planner finalised a revised transmission study corridor in March 2024. The revised corridor reduced the number of affected landowners in the study corridor and increased the usage of Government-owned land. Through the financial year, the Infrastructure Planner prepared a scoping report for a 1-kilometre-wide study corridor for the transmission lines, which was issued in August 2024.</p> <p>On the Waratah Super Battery, Akaysha Energy began construction in May 2023, with expected completion in 2025.</p> <p>In 2022, EnergyCo was appointed as Infrastructure Planner for the Waratah Super Battery Project. The Infrastructure Planner's role included carrying out a competitive process to select a service provider for the System Integrity Protection Scheme (SIPS) Service. Akaysha Energy were appointed SIPS Service provider following a competitive procurement process conducted throughout 2022. Akaysha Energy's role is limited to being the SIPS Service provider.</p> <p>In October 2022, Transgrid was appointed as network operator and formally directed to carry out the Waratah Super Battery project. As network operator, Transgrid is coordinating the delivery of the project components (including the SIPS Service) and will be responsible for operating the SIPS once the project is operational.</p> |
| General functions | Section 63(5) | Where EnergyCo is appointed Infrastructure Planner, EnergyCo may exercise the functions it has under Part 4 of the <i>Energy and Utilities Administration Act 1987</i> as the Infrastructure Planner under the EII Act to the extent reasonably necessary to: | <p>The Infrastructure Planner has exercised the following functions under the Energy and Utilities Administration Act 1987:</p> <ul style="list-style-type: none"> Under section 15, the Infrastructure Planner has acquired lands under the Land Acquisition (Just Terms Compensation) Act 1991. |

| Function area | Ref ^a | Function ^b | Comments |
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| | | (a) enable the Infrastructure Planner to exercise its functions under the EII Act, and (b) achieve the objects of the EII Act. | <ul style="list-style-type: none"> Under section 18, the Infrastructure Planner has entered into contracts in connection with exercise of its functions. Major agreements are documented in the the Infrastructure Planner's Annual Report. Under section 11(1)(c), the Infrastructure Planner has assisted and advised and made reports and recommendations to the Minister in respect of matters relevant to the Energy and Utilities Administration Act. |
| | Section 63(7) | As EnergyCo has been appointed the Infrastructure Planner, it may: <ul style="list-style-type: none"> form, or participate in the formation of a private subsidiary corporation, acquire interests in private subsidiary corporations, and sell or otherwise dispose of interests in private subsidiary corporations. | The Infrastructure Planner did not exercise this function in FY 2023-24. |
| Annual reports | Section 70(1) | The Infrastructure Planner must, as soon as reasonably practicable after the end of each financial year, provide the Regulator with a report on the exercise of the functions under the Act during the financial year. | On 21 August 2024, the Infrastructure Planner provided a report on the exercise of its functions to IPART under the EII Act for FY 2023-24. |
| Delegation | Section 71(2) | The Infrastructure Planner may delegate its functions, other than the power of delegation, to any person. | The Infrastructure Planner did not exercise this function in FY 2023-24. |
| Request for advice | Clause 18(1) | The Infrastructure Planner may request that the Consumer Trustee give advice about a network infrastructure project. | <p>The Infrastructure Planner requested advice from the Consumer Trustee under section 60(4) of the EII Act in November 2023 and March 2024.</p> <p>Advice requested in November 2023 related to the New England REZ network infrastructure projects and the optimal timing of the New England REZ Network Infrastructure in the modelling for the 2023 Infrastructure Investment Objectives Report.</p> <p>Advice requested in March 2024 requested the Consumer Trustee undertake wholesale electricity market modelling to inform the Infrastructure Planner's assessment of the net financial impact of the Hunter-Central Coast REZ and the New England REZ on NSW consumers.</p> |
| Transfer of network infrastructure | Clause 21(2)(a) | If EnergyCo is the Infrastructure Planner in relation to transferred network infrastructure, it may make a recommendation to the authorisation provider ^e in relation to whether to give approval under clause 21(1)(c) of the EII Regulation. | The Infrastructure Planner did not exercise this function in FY 2023-24. |

^e The Consumer Trustee is the authorisation provider if it has provided an authorisation under section 31 of the EII Act to carry out a REZ network infrastructure project.

| Function area | Ref ^a | Function ^b | Comments |
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| Contribution determination | Clause 39 | The Infrastructure Planner must, if requested to do so by the Regulator, provide information to the Regulator that the Regulator considers reasonably necessary to enable the regulator to make a contribution determination. | In February 2024, the Australian Energy Regulator (AER) made a contribution determination under section 56(1) of the EII Act. The Infrastructure Planner provided data to the Scheme Financial Vehicle, who provided that data to the AER to verify and test. This data enables the AER to make the contribution determination. The AER audited the data and used the data to calculate the final contribution determination. |
| Considerations | Clause 41 (s 63) | In exercising functions under Part 5 of the Act, the Infrastructure Planner must consider the guidelines issued by the Minister under section 4 (guidelines about consultation and negotiation with the local Aboriginal community) of the Act and the plan approved by the Minister under section 8 (Plan for NSW/ renewable energy sector) of the EII Act. | <p>The Minister for Energy issued the First Nations Guidelines and the Central-West Orana REZ region-specific First Nations Guidelines in August 2022. An updated version of the Central-West Orana specific guidelines was published in October 2023.</p> <p>The Office of Energy and Climate Change published the NSW Renewable Energy Sector Board's Plan in September 2022.</p> <p>The Infrastructure Planner made recommendations in relation to the Central-West Orana REZ Main and Enabling network infrastructure projects, on 22 December 2023. This included recommendations to the Consumer Trustee on whether to include conditions in the authorisations, in accordance with the First Nations Guidelines and the Renewable Energy Sector Board's Plan.</p> |
| Functions of the Infrastructure Planner – access schemes | Clause 42C(1) (s 63(4)(d)) | The Infrastructure Planner may request the Consumer Trustee to conduct a competitive tender in relation to the granting or increasing of access rights— (a) under an access scheme, and (b) in accordance with the declaration for the access scheme. | The Infrastructure Planner did not exercise this function in FY 2023-2024, further to its request in the previous year. |
| | Clause 42C(2) (s 63(4)(d)) | The Infrastructure Planner for an access scheme must exercise: (a) the access scheme functions for the access scheme if the Infrastructure Planner is appointed to administer the access scheme, or (b) a particular access scheme function for the access scheme if the Infrastructure Planner is directed to exercise the function in the declaration for the access scheme. | <p>The Infrastructure Planner exercised some of the access scheme functions under Schedule 1A of the EII Regulation in FY 2023-2024.</p> <p>For the Central-West Orana REZ access scheme, the exercised access scheme functions include:</p> <ul style="list-style-type: none"> On 31 August 2023, extending the term of the Central-West Orana REZ Access Scheme for 13 years after the initial term (clause 11) On 11 April 2024, commencing and conducting an application process for the grant of access rights. This process was still open at the end of FY 2023-24 (clause 5(1) and (4)) On 11 April 2024, making guidelines for the application process and publishing on its website the guidelines and eligibility criteria: (clause 5(2) and (3)) Consulting with the Scheme Financial Vehicle and Consumer Trustee on the terms and conditions, including bonding arrangements, of a payment deed between the Scheme Financial Vehicle and access rights holder (clause 7(2)) |

| Function area | Ref ^a | Function ^b | Comments |
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| | | | <ul style="list-style-type: none"> Administering the access scheme (clause 1) Giving notices and publishing information in relation to the scheme (clause 12(1)). <p>For the South West REZ access scheme, the exercised access scheme functions exercised include:</p> <ul style="list-style-type: none"> Giving the Consumer Trustee information relevant to the determining of access fees and the conduct of a competitive tender (clause 3(2)) Determination of the eligibility criteria of participants in a competitive tender in relation to the granting or increasing of access requires (clause 4) Administering the access scheme (clause 1). <p>The following access scheme functions in the EII Regulation, Schedule 1A were not exercised in FY 2023-24:</p> <ul style="list-style-type: none"> access rights register functions (clause 2) functions related to competitive tenders conducted by the Infrastructure Planner (clause 3(1)) functions related to the grant or increase of access rights (clause 6) functions related to recommendations of payment deeds (clause 7(1)) terminating access rights (clause 8) assessing and approving connections and disconnections (clause 9) final technical assessments (clause 10) functions relating to giving notices and information under (clause 12(2) and (3)) functions related to the amendment of access schemes under (clause 13). |
| | Clause 42C(3) (s 63(4)(d)) | <p>The Infrastructure Planner must not exercise the following functions until it has published the standard development agreement—</p> <p>(a) to request the Consumer Trustee to conduct a competitive tender under subclause (1),</p> <p>(b) to conduct a competitive tender under Schedule 1A, clause 3(1),</p> <p>(c) to conduct an application process under Schedule 1A, clause 5(1).</p> <p>Clause 42C(4) provides that the functions set out in Schedule 1A to the EII Regulation are the access scheme functions for an access scheme.</p> | <p>The Infrastructure Planner published the standard development agreement, titled "project development agreement template" on its website.</p> |

| Function area | Ref ^a | Function ^b | Comments |
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| Functions of the Infrastructure Planner – standard development agreement under access schemes | Clause 42CA (ss 63(4)(d), 66(5)(a)) | Subclause (1) prescribes the matters that the Infrastructure Planner must address in an agreement (a development agreement) between it and a participant for a project in relation to the grant or increase of access rights under the access scheme. The Infrastructure Planner must publish on its website the standard form and content of a development agreement (the standard development agreement) that includes the matters under subclause (1). | As above, the standard development agreement was developed for the Central-West Orana REZ access scheme. |
| Functions of the Infrastructure Planner – particular renewable energy zones | Clause 42D (s 63(4)(d)) | The Infrastructure Planner for a REZ to which an access scheme applies has the following functions: (a) to administer, manage and make payments of money held for use in relation to a community purpose or employment purpose, (b) make guidelines about the administration, management, and payment of money under this clause. Subclause (1) prescribes the circumstances in which the Infrastructure Planner may exercise these functions. | In FY 2023-24, the Infrastructure Planner prepared the Central-West Orana REZ Community and Employment Benefits Program, to be launched in July 2024. The program will assess applications, and manage, administer, acquit and report funds allocated to community and stakeholder groups for community and employment purposes. Its preparation included Guidelines, a Policy Paper and Summary Policy Paper, all published on the Infrastructure Planner's website, and preparing workshops to help community groups prepare their applications. The program will be funded from the Transmission Acceleration Facility until access fees are collected from access right holders. |
| Assessments and recommendations by the Infrastructure Planner | Clause 43 (ss 30 and 63(4)) | The Infrastructure Planner must assess and make recommendations about the following— (a) proposed REZ network infrastructure projects, (b) priority transmission infrastructure projects in relation to which the Infrastructure Planner is appointed, (c) network operators who may be authorised or directed to carry out— (i) a REZ network infrastructure project, or (ii) a priority transmission infrastructure project (d) other persons who may assist the network operator to carry out— (i) a REZ network infrastructure project, or (ii) a priority transmission infrastructure project (e) the contractual arrangements that a network operator may be required to enter into to carry out a REZ network infrastructure project or priority transmission infrastructure project under an authorisation (the recommended contractual arrangements). The Infrastructure Planner may decide the extent of an assessment under subclause (1) and how the assessment will be carried out, including whether to carry out a competitive assessment process. An assessment and recommendation made by the Infrastructure Planner in relation to a priority transmission project must be provided to the Minister. | The Infrastructure Planner made recommendations in relation to the Central-West Orana Main and Enabling network infrastructure projects on 22 December 2023. A public report was made available on 22 May 2024. |

| Function area | Ref ^a | Function ^b | Comments |
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| Technical specifications for REZ network infrastructure projects | Clause 44 (s 30) | The Infrastructure Planner's assessment and recommendations about a REZ network infrastructure projects must deal with the matters prescribed in this clause. | <p>Under subclause (a), the Infrastructure Planner had prepared technical specifications, developed by both in-house technical experts and technical advisors. These were reflected in reference designs and specifications for requests for tender for projects. The specifications addressed matters including:</p> <ul style="list-style-type: none"> proposed routes of the network infrastructure, including substation locations connections between proposed and existing network infrastructure the operating voltages and network capacity of the network infrastructure. <p>Under subclause (b), the Infrastructure Planner ensured that the safety and reliability of electricity infrastructure were assessed, by including requirements for safety in the request for tender for projects. It also included a Network Operator Performance Regime that sets standards and commercial incentives to ensure an appropriate level of reliability of electricity supply.</p> <p>Under subclause (c), the Network Operator is required to comply with the National Electricity Rules, which include requirements about security of electricity supply. For each REZ, the Infrastructure Planner may either (at its discretion) require the Network Operator to install system strength remediation as part of the specification for REZ Network Infrastructure or have generators connecting to the REZ to rely on the System Strength Service Provider for NSW.</p> <p>Under contractual arrangements between the Infrastructure Planner and network operators, the Infrastructure Planner can and does impose contractual obligations on relevant network operators to generally comply with the law when discharging the functions of network operator, which would include compliance with the National Electricity Rules.</p> <p>None of the Infrastructure Planner's current recommended projects include class 3 network infrastructure (as of August 2024).</p> |
| Competitive assessment process | Clause 45(1)-(5) (ss 30(5)(a) and 63(4)) | The Infrastructure Planner may carry out a competitive assessment process in relation to— (a) a proposed REZ network infrastructure project, or (b) a priority transmission infrastructure project in relation to which the Infrastructure Planner is appointed. Subclauses (2)-(4) prescribe the requirements if the Infrastructure Planner carries out a competitive assessment process. | <p>The Infrastructure Planner carried out a competitive assessment process to select a Network Operator for the Central-West Orana REZ network infrastructure project. The Infrastructure Planner recommended to the Consumer Trustee in December 2023 that ACEREZ be authorised as the Network Operator. The Consumer Trustee authorised ACEREZ in May 2024.</p> <p>In carrying out that competitive assessment process, the Infrastructure Planner:</p> |

| Function area | Ref ^a | Function ^b | Comments |
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| | | If the competitive assessment process is for a contestable augmentation, the Infrastructure Planner may work with the network operator for the related project when carrying out the functions under subclauses (1)–(4). | <ul style="list-style-type: none"> Requested ACERZ and Network REZolution to submit binding bids (consistent with the requirement to request a binding bid from two network operators) Developed eligibility criteria and a selection process, documented in the "Request for Procurement (RFP) Evaluation Plan" (consistent with the requirement to develop eligibility criteria and a selection process). The Plan was approved by the the Infrastructure Planner's CEO after endorsement by the the Infrastructure Planner's Advisory Committee and Executives, and the Evaluation Panel, Engaged with the AER both before and during the competitive procurement process (consistent with the requirement to consult with the AER and provide information about and obtained through the process). The AER advised after consultation that it was generally satisfied with the procurement strategy; offered comments on the RFP Evaluation Plan (which were considered prior to its finalisation); participated in the evaluation of the Network Operator proponents as an observer on the Evaluation Panel; and was invited to attend negotiations and other meetings during the First Ranked Proponent stage of the RFP evaluation process. |
| Consultee for revenue determinations | Clause 49(1)&(2) (s 38(10)(a)) | The Infrastructure Planner is to be consulted by the Regulator before the Regulator makes a revenue determination. The Infrastructure Planner must give the Regulator all information about an infrastructure project that the Regulator considers necessary to make the revenue determination, including— (a) information about or obtained from a competitive assessment process, or (b) information relevant to determining an amount under clause 47E(3). | <p>The Infrastructure Planner provided information to the AER to support the following revenue determinations:</p> <ul style="list-style-type: none"> amounts to be paid to Transgrid for the paired generation services component of the Waratah Super Battery project, published by the AER In December 2023, and remade in March 2024 to take into account an additional paired generation service provider. The Infrastructure Planner provided information about the procurement process and outcomes of the process consistent with the requirements in the AER's contestable revenue determination guideline amounts to be paid to Transgrid for the non-contestable components of the Waratah Super Battery project, published by the AER in December 2023, The Infrastructure Planner provided information consistent with the requirements in the AER transmission efficiency test and revenue determination guideline for non-contestable network infrastructure projects. |
| Consultee before revenue determinations are published | Clause 53(3) (s 38(10)(f)) | The Infrastructure Planner is to be consulted by the Regulator before the Regulator publishes a revenue determination on its website. | Revenue determinations for the Waratah Super Battery project (Paired Generation) required consultation by the AER with the Infrastructure Planner before publishing. This consultation occurred in December 2023. |

| Function area | Ref ^a | Function ^b | Comments |
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| Consultee for review and remaking of revenue determinations for errors | Clause 54(2)(c) (s 40) | The Infrastructure Planner is to be consulted by the Regulator before the Regulator reviews or remakes a revenue determination for the purposes of correcting an error prescribed in subclause (1). | There is no relevant event requiring such consultation for 2023-24. |
| Applying for a cost recovery declaration | Clause 54C(1)(b)&(3)(a) | The Infrastructure Planner, as a 'relevant person' for the purposes of clause 54C, may apply to the Minister for a cost recovery declaration. The Infrastructure Planner is to be consulted by the Minister before the Minister makes a cost recovery declaration. | No cost recovery application made during 2023-24. |
| Consultee for annual audit plans | Clause 69(2)(a) | The Infrastructure Planner, as an 'audit subject' for the purposes of Part 13 of the EII Regulation, is to be consulted by the Regulator if the Regulator proposes to audit the Infrastructure Planner under the plan. | The Regulator (IPART) consulted with the Infrastructure Planner in April 2024, and the Infrastructure Planner provided a response to the Regulator. |
| Consultee for scope of audits | Clause 71(2)(a)(i) | The Infrastructure Planner, as an audit subject for the purposes of Part 13 of the EII Regulation, is to be consulted by the Regulator in determining the scope of the audit. | The Regulator (IPART) did not commence consultation on an audit scope in 2023-24. |
| Consultee for performance audit guidelines | Clause 72(4)(a) | The Infrastructure Planner, as an audit subject for the purposes of Part 13 of the EII Regulation, is to be consulted by the Regulator in developing or reviewing the performance audit guidelines. | The Regulator (IPART) consulted with the Infrastructure Planner in April 2024, and the Infrastructure Planner provided a response to the Regulator. |
| Give information to the auditor | Clause 74 | The Infrastructure Planner, as an audit subject for the purposes of Part 13 of the EII Regulation, must, if requested to do so by an auditor, provide information to the auditor that the auditor considers reasonably necessary for the audit. | The auditor did not request for information that it considers reasonably necessary for an audit in 2023-24. |
| Consultee for audit reports | Clause 75(2)(a) | The Infrastructure Planner, as an audit subject for the purposes of Part 13 of the EII Regulation, is to be consulted by the auditor before publishing an audit report. | The auditor did not commence consultation on an audit report in 2023-24. |
| Access scheme functions | Schedule 1A of the EII Regulation | This Schedule sets out the access scheme functions that the Infrastructure Planner must exercise if the requirements of clause 42C(2) are met. | The Infrastructure Planner exercised relevant access scheme functions as set out in Clause 42C(2) (s 63(4)(d)) above in relation to both Central-West Orana REZ access scheme and South West REZ access scheme. |

D.2 Consumer Trustee

Table D.2 Consumer Trustee functions under the EII Act

| Function area | Ref ^f | Function ^g | Comments |
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| Consultation and negotiation with local Aboriginal communities | Section 4(4) | Take the guidelines (issued by the Minister) about consultation and negotiation with the local Aboriginal community into account when exercising the Consumer Trustee's functions under Part 6, Divisions 3 and 4. ^h | Under section 4(4)-(5) the Consumer Trustee considered the First Nations Guidelines when conducting Tender Rounds by designing and implementing Merit Criteria 6 and 7 to evaluate proponents' commitments, including their consultation with Aboriginal communities. The Tender Guidelines provide detailed information for proponents on the merit criteria and directs them to the First Nations Guidelines and region-specific guidelines prepared by the Office of Energy and Climate Change for further guidance when preparing bids. The Consumer Trustee also published a market briefing note detailing good practice across land use considerations, regional economic development, community engagement and shared benefits which is available on its website . Tender proponents were required to fulfil economic participation obligations, such as subcontracting to First Nations businesses, employing Aboriginal and Torres Strait Islander individuals, and investing in education, training, or capacity building for these businesses. The successful bids from Tender Rounds 2, 3 and 4 have substantial commitments to subcontracts for First Nations businesses and for direct employment of Aboriginal and Torres Strait Islander peoples. These commitments are legally binding and subject to contractual monitoring and enforcement. Under the project development agreement and LTESA, the project counterparty must provide regular reports to the Scheme Financial Vehicle. Failure to meet targets can result in escalation, the implementation of agreed plans to realign with targets, or termination of the LTESA. |
| | Section 4(5) | To give effect to the guidelines about consultation and negotiation with the local Aboriginal community, the Consumer Trustee may include a recommendation (under s 31(1)(a)) to the Minister and impose a condition on an authorisation (under s.31(1)(b)). | The Consumer Trustee received a recommendation from the Infrastructure Planner for two REZ network infrastructure projects in the Central-West Orana REZ (the Main and Enabling Central-West Orana projects) on 22 December 2023. The Infrastructure Planner's public recommendation report can be found on its website . |

^f In this column, references to sections are to section of the EII Act, while references to clauses are references to clauses of the regulations.

^g In this column, references to the Regulator are to IPART for performance audit and annual report-related functions, to the EPA for functions under Part 12 of the EII Regulation, and otherwise to the Australian Energy Regulator for all other functions.

^h Part 6 Electricity infrastructure investment safeguard, Division 3 Long-term energy service agreements and Division 4 Operation of long-term energy service agreements, of the EII Act.

| Function area | Ref ^f | Function ^g | Comments |
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| | | | The Consumer Trustee has authorised the recommended network operators to carry out the Main and Enabling Central-West Orana projects. It also decided not to impose conditions on these authorisations to give effect to the First Nations Guidelines. A public statement of reasons for this decision for each project is available on AEMO Services website . |
| Plan for NSW renewable energy sector | Section 9(1) | Take into account the Plan for NSW renewable energy sector, when exercising all functions under the Act. | <p>In authorising the recommended network operators to carry out the Main and Enabling Central-West Orana REZ network infrastructure projects, the Consumer Trustee took into account the Renewable Energy Sector Board's Plan. The public statement of the Consumer Trustee's reasons for its authorisation decision for each project outlines how the Board's Plan was taken into account and is available on AEMO Services website.</p> <p>The Consumer Trustee took into account the Renewable Energy Sector Board's Plan in its Final 2023 IIO Report published 21 December 2023 in considering supply chain constraints.</p> <p>The Consumer Trustee takes the Renewable Energy Sector Board's Plan into account throughout the LTESA tender process and is reflected in the Tender Guidelines and Tender Rules. Merit Criteria 7 (Merit Criteria 8 in Tender Round1) reflect the requirements set out in the Renewable Energy Sector Board's Plan. Under these criteria, Proponents are required to submit an Industry and Aboriginal Participation Plan which contains the Renewable Energy Sector Board's requirements.</p> <p>Commitments provided by Proponents are legally binding and subject to contractual monitoring and enforcement. Under the project development agreement and LTESA, project counterparties must provide regular reports on the project development agreement and LTESA to the Scheme Financial Vehicle. Failure to meet targets can result in escalation, the implementation of agreed plans to realign with commitments, or termination of the LTESA.</p> |
| | Section 9(3)-(4) | <p>The Consumer Trustee may:</p> <ul style="list-style-type: none"> include a recommendation (under s.31(1)(a)) to the Minister that a condition that is consistent with the plan be imposed on the Minister's direction impose a condition that is consistent with the plan on an authorisation (under s.31(1)(b)). | The Consumer Trustee has authorised the recommended network operators to carry out the Main and Enabling Central-West Orana projects. It also decided not to impose conditions on these authorisations to give effect to the Renewable Energy Sector Board's Plan. A public statement of reasons for this decision for each project is available at AEMO Services' website . |
| Application for declaration of renewable energy zone | Section 21(1)(b) | The Consumer Trustee may apply to the Minister for a declaration of a renewable energy zone. | The Consumer Trustee did not exercise this function in FY 2023-24 as it did not identify a need for further REZs, beyond the 5 already declared REZs in NSW. |
| Fees for access schemes | Section 26(1) and Clause 55A | <p>Determine the fees payable to the Scheme Financial Vehicle by participants in an access scheme, taking into consideration the following principles:</p> <p>(a) maximising financial value for NSW electricity customers,</p> | <p>The Consumer Trustee did not exercise the functions contained in section 26(1) in FY 2023-24.</p> <p>The exercise of this function is linked to the grant of access rights under a REZ Access Scheme Declaration.</p> |

| Function area | Ref ^f | Function ^g | Comments |
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| | | <p>(b) recovering the cost of the operation of the access scheme,</p> <p>(c) optimal use of the existing and planned network infrastructure in the renewable energy zone,</p> <p>(d) other principles prescribed by the regulations.</p> <p>Clause 55A prescribes an additional principle of transparency in total determined or expected fees payable under the access scheme for participants.</p> | <p>The Infrastructure Planner is conducting a tender for access rights for the Central-West Orana REZ following the publication of the Central-West Orana REZ Access Scheme Declaration. The Access Fee Guidelines, draft Determination and draft Access Fee Calculator for Central-West Orana REZ were published in April 2024. It is anticipated that the access fees for access right holders in Central-West Orana REZ will be determined in September 2024 coordinated with the grant of access rights by the Infrastructure Planner.</p> <p>The Consumer Trustee is conducting a tender for access rights for South West REZ following the publication of the South West REZ Access Scheme Declaration, to make recommendations to the Infrastructure Planner on the grant of access rights. The Access Fee Guidelines, draft Determination and draft Access Fee Calculator for South West REZ were published in May 2024. It is anticipated that the access fees for access right holders in South West REZ will be determined in January 2025 coordinated with the grant of access rights by the Infrastructure Planner.</p> <p>It is anticipated that an Access Scheme Declaration for Hunter-Central Coast REZ will be made in FY 2024-25, and that access fees will be determined in FY 2025-26.</p> |
| | Section 26(2)-(3) and Clause 56 | <p>The fees must include a component that is to be used for a community purpose prescribed by the regulations and the component must not be less than the minimum or exceed the maximum amount prescribed by the regulations.</p> <p>Clause 56 prescribes the community purposes and the minimum and maximum amount of the component.</p> | <p>This function has not been exercised in FY 2023-24. However, the Access Fee Guidelines, published for the South West REZ and Central-West Orana REZ, include a reference to this component in the fee methodology.</p> |
| | Section 26(4)-(5) and Clause 57 | <p>The fees must include a component that is to be used for an employment purpose prescribed by the regulations and the component must not be less than the minimum or exceed the maximum amount prescribed by the regulations.</p> <p>Clause 57 prescribes the employment purposes and the minimum and maximum amount of the component.</p> | <p>This function has not been exercised in FY 2023-24. However, the Access Fee Guidelines, published for South West REZ and Central-West Orana REZ, include a reference to this component in the fee methodology.</p> |
| | Section 26(6) | <p>When exercising its function under 26(4), the Consumer Trustee is to seek advice from the committee established under section 34W(1)(b) of the <i>Energy and Utilities Administration Act 1987</i>.</p> | <p>This function has not been exercised in FY 2023-24. However, the Consumer Trustee has contacted the Employment Purpose Advisory Committee as required under section 26(6) in establishing the access fee methodology under the Access Fee Guidelines published for South West REZ and Central-West Orana REZ.</p> |
| Assessment of REZ network infrastructure projects | Section 30(4) | <p>The Consumer Trustee must specify a time period within which the Infrastructure Planner must make a recommendation about REZ network infrastructure projects.</p> | <p>The Consumer Trustee did not exercise this function in FY 2023-24 as it did not consider it was necessary to require the Infrastructure Planner to provide recommendations within a specified timeframe.</p> |

| Function area | Ref ^f | Function ^g | Comments |
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| | Section 31(1) | The Consumer Trustee must consider the Infrastructure Planner's recommendations about REZ network infrastructure projects required for a renewable energy zone. After considering the Infrastructure Planner's recommendations in relation to REZ network infrastructure projects, the Consumer Trustee may— (a) recommend the Minister give a direction under section 32 to a network operator for a REZ network infrastructure project, or (b) authorise a network operator to carry out a REZ network infrastructure project. | The Consumer Trustee received a recommendation from the Infrastructure Planner for 2 REZ network infrastructure projects in the Central-West Orana REZ (the Main and Enabling Central-West Orana projects) on 22 December 2023. The Infrastructure Planner's public recommendation report can be found on its website . The Consumer Trustee has authorised the recommended network operators to carry out both the Main and Enabling Central-West Orana projects under section 31(1)(b), adopting a process and approach generally consistent with the Network Authorisation Process and Approach. A public statement of reasons for this decision for each project is available on AEMO Services' website . Consequently, the Consumer Trustee did not exercise its function under section 31(1)(a) to recommend that the Minister direct a network operator to carry out a REZ network infrastructure project in FY 2023-24, as the only recommendations it received from the Infrastructure Planner were in respect of the Main and Enabling Central-West Orana REZ projects which it decided to authorise under section 31(1)(b). During FY 2023-24, the Consumer Trustee has also engaged regularly with the Infrastructure Planner on its plans for future recommendations, including for Hunter-Central Coast and New England REZs. |
| | Section 31(2) | If the Consumer Trustee authorises a network operator under subsection (1)(b) above, the Consumer Trustee must, by written notice to the Regulator, set a maximum amount for the prudent, efficient and reasonable capital costs for development and construction of the REZ network infrastructure project that may be determined by the Regulator under section 38(4). | In addition to authorising the Main and Enabling Central-West Orana projects, the Consumer Trustee set a maximum capital cost amount for these projects by written notice to the AER, as described in the public statement of reasons for each project, available on AEMO Services website . |
| | Section 31(3) | The Consumer Trustee must not disclose the above maximum amount to any person. | The Consumer Trustee has not disclosed the maximum capital cost amount for the Main and Enabling Central-West Orana projects to any person, other than the AER, in accordance with this requirement. |
| | Section 31(5) | In exercising its functions under section 31, the Consumer Trustee is to consider the development pathway contained in the latest report by the Consumer Trustee under section 45. | The Consumer Trustee considered the development pathway contained in the Final 2023 IIO Report in deciding to authorise the recommended network operators to carry out the Main and Enabling Central-West Orana projects. The public statement of the Consumer Trustee's reasons for its authorisation decision for each project outlines how the development pathway was considered and is available on AEMO Services website . |
| Regulator reviewing determinations | Section 40(1)(b) | The Consumer Trustee can direct the Regulator to remake a determination under section 38 at any time (in accordance with the regulation) | The Consumer Trustee did not exercise this function in FY 2023-24 as it did not consider it was necessary for the Regulator to remake a determination under section 38. |

| Function area | Ref ^f | Function ^g | Comments |
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| Infrastructure investment objectives report | Section 45(1) | The Consumer Trustee is to prepare a report about the infrastructure investment objectives that contains— (a) the development pathway for the infrastructure to which Part 6 applies that is required to be constructed over the following 20 years to achieve the infrastructure investment objectives, and (b) a plan for the competitive tenders that the Consumer Trustee will conduct during the following 10 years to give effect to the development pathway, including when tenders will be conducted and the classes of LTES agreements for which a tender will be conducted, and (c) other matters prescribed by the regulations. ⁱ | The Consumer Trustee published its Final 2023 IIO Report on 21 December 2023. The report set out a development pathway and 10-year competitive tender plan generation and long-duration storage infrastructure. The report includes a development pathway for firming infrastructure but did not include a tender plan for this infrastructure, in the absence of a direction from the Minister to conduct further firming infrastructure tenders, and following the completion of Tender Round 2 for firming infrastructure. The Consumer Trustee expects to begin consulting on its 2025 IIO Report in FY 2024-25. |
| | Section 45(2) | The Consumer Trustee is to prepare a report: (a) as soon as practicable after the commencement of section 45, and (b) approximately every 2 years after the first report. | The 2021 IIO Report was published on 7 December 2021. The 2023 IIO Report was published on 21 December 2023. On 12 December 2023, amendments to section 45(2) of the Act came into force, which provided that the IIO Report would be published approximately every 2 years after the first report. |
| | Section 45(3) | The Consumer Trustee is also to prepare a report as soon as practicable after being directed by the Minister under section 47(2) to conduct a competitive tender for LTES agreements for firming infrastructure. | The Consumer Trustee has not exercised the function under section 45(3) in FY 2023-24 as it has not been directed by the Minister to conduct a further competitive tender for firming infrastructure LTESAs under section 47(2). |
| | Section 45(4) | The regulations may prescribe the matters that the Consumer Trustee is to take into account in preparing the report. | Appendix C of the Final 2023 IIO Report notes how the report addresses each of the regulatory requirements in the EII Regulation for IIO Reports. |
| | Section 45(5)-(6) | The report is to be published on the Consumer Trustee's website. The Consumer Trustee is to exercise its functions under Part 6 on the basis of the reports prepared under section 45. | The Final 2023 IIO Report was published on AEMO Services website on 21 December 2023. The Consumer Trustee conducted 3 competitive tenders in FY 2023-2024, as noted in comments for section 47(1). Each of these was conducted on the basis of the Consumer Trustee's IIO Reports. |
| Tendering for LTES agreements | Section 47(1) | The Consumer Trustee must conduct a competitive tender for LTES agreements unless the Regulator otherwise authorises generally or in a particular case. | The Consumer Trustee conducted 3 competitive tenders in FY 2023-24. Tender Round 2 for firming infrastructure was finalised in November 2023. Tender Round 3 for generation and long-duration storage infrastructure was finalised in December 2023. Tender Round 4 for generation infrastructure commenced on 31 October 2023 and was finalised in late June 2024. Detailed documentation for tenders is available on AEMO Services' website . |
| | Section 47(2) | The Consumer Trustee must not conduct a competitive tender for LTES agreements for firming infrastructure unless directed by the Minister. | At the direction of the then Minister issued 1 August 2022, under section 47(2), the Consumer Trustee conducted a competitive tender for LTESAs for firming infrastructure. The tender commenced 3 April 2023 and was finalised in November 2023. |

ⁱ See clauses 24 and 25 below.

| Function area | Ref ^f | Function ^g | Comments |
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| | Section 47(3) | The Consumer Trustee must carry out a competitive tender in accordance with the regulations and with the rules made by the Consumer Trustee under section 47(5). | The Consumer Trustee conducted 3 competitive tenders in FY 2023-24 under section 47(3) in accordance with the EII Act and its regulations. The Consumer Trustee undertook extensive engagement and consultation for the tenders to ensure their competitiveness. Tender documentation including Tender Rules, Tender Guidelines, template contracts and Market Briefing Notes are available on the Consumer Trustee's website. Public interactive webinars were held to provide education and information for Proponents. |
| | Section 47(5) | Before conducting a competitive tender, the Consumer Trustee must make rules that are consistent with the regulations to deal with the following matters— (a) the eligibility criteria for making a tender bid, (b) the notification of the opening of the competitive tender, (c) the procedure for making a tender bid, including the information required to be included in a bid, (d) the fee payable for making a bid and requirements for bonds or other security, (e) the assessment of a tender bid by the Consumer Trustee, (f) other matters the Consumer Trustee considers necessary, (g) other matters prescribed by the regulations. ^j | The Consumer Trustee exercised this function during the compliance period and the updated Tender Rules were published in Government Gazette No 171 on 10 May 2024. |
| | Section 47(6) | Before making rules, the Consumer Trustee is to consult with the Regulator. | The Consumer Trustee exercised this function during the compliance period. Consultation with the Regulator concluded on 8 April 2024 and the outcome of the consultation was published on AEMO Services website . |
| | Section 47(7) | The rules are to be published in the Gazette | The Consumer Trustee exercised this function during the compliance period and the updated Tender Rules were published in Government Gazette No 171 on 10 May 2024. |
| Recommendations about LTES agreements | Section 48(1)-(2) | The Consumer Trustee must make recommendations to the Scheme Financial Vehicle about the LTES agreements that the Scheme Financial Vehicle may enter into. In making a recommendation, the financial value of LTES agreements is to be the primary consideration. | The Consumer Trustee did exercise the functions contained in section 48(1) and (2) during FY 2023-24. On 6 November 2023, 6 December 2023 and 24 May 2024, the Consumer Trustee made formal recommendations to the Scheme Financial Vehicle to enter into certain Project Documents, in accordance with EII Act, section 48(1). As set out in the Tender Rules and Tender Guidelines Section 3 financial value is the primary consideration for the Consumer Trustee when assessing Financial Value Bids. |

^j See clauses 24 and 25 below.

| Function area | Ref ^f | Function ^g | Comments |
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| | Section 48(3) | The Consumer Trustee must not recommend the making of an LTES agreement that relates to generation infrastructure specified in section 43(1)(a) that is not, or will not be, part of a renewable energy zone, unless the Consumer Trustee is satisfied that the LTES agreement shows outstanding merit. | <p>The Consumer Trustee did exercise the functions contained in section 48(3) during FY 2023-24. In Tender Rounds 3 and 4, an 'Outstanding Merit Assessment' in accordance with the requirements of section 48(3), and clause 26A of the Act's regulations, was undertaken on generation LTESAs relating to infrastructure that will not be part of a REZ.</p> <p>Tender Round 3 - By November 2023 the Consumer Trustee finalised its process and made its decision on projects and LTESAs to recommend to the Scheme Financial Vehicle. At the completion of Tender Round 3, the Consumer Trustee decided to recommend a generation LTESA for one project that will not be part of a REZ, having satisfied itself of the relevant requirements in the Act and regulations, including with respect to 'Outstanding Merit'.</p> <p>Tender Round 4 - By May 2024 the Consumer Trustee finalised its process and made its decision on projects and LTESAs to recommend to the Scheme Financial Vehicle. At the completion of Tender Round 4, the Consumer Trustee decided to recommend a generation LTESA for one project that will not be part of a REZ, having satisfied itself of the relevant requirements in the Act and regulations, including with respect to 'Outstanding Merit'.</p> |
| Terms and conditions of LTES agreements | Section 50(1) | The Consumer Trustee is to determine the terms and conditions of an LTES agreement, subject to any requirements prescribed by the regulations ^k . | The terms and conditions of LTESAs were developed in accordance with section 50(1), (5) and (6). |
| | Section 50(5) | <p>In determining the terms and conditions of an LTES agreement, the Consumer Trustee is to take into account the following principles—</p> <p>(a) to align the financial incentives offered under LTES agreements with the changing needs of the electricity system,</p> <p>(b) to adopt, to the maximum extent possible, the conventions and standards in relation to similar agreements in the national electricity market,</p> <p>(c) to ensure that LTES agreements allow for future changes in the national electricity market,</p> <p>(d) to ensure that LTES agreements are consistent with the risk management framework under Division 5,</p> <p>(e) other principles prescribed by the regulations^l.</p> | Refer comments in section 50 (1) above. |

^k The regulations have not prescribed any requirements to date.

^l The regulations have not prescribed any principles to date.

| Function area | Ref ^f | Function ^g | Comments |
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| Risk management framework ^m | Section 51(1)-(3) and Clause 32(1)-(2) | <p>The Consumer Trustee must prepare a risk management framework to protect the financial interests of NSW electricity customers in connection with the risks associated with LTES agreements.</p> <p>The risk management framework may provide for the functions of the Consumer Trustee, the Financial Trustee, the Scheme Financial Vehicle and the Regulator under the framework, and must be approved by the Regulator.</p> <p>Table 3 in section 5 of the Risk Management Framework confers roles and responsibilities on the Consumer Trustee relating to:</p> <ul style="list-style-type: none"> • Designing the broader Risk Management Framework • Implementing specific aspects of the Risk Management Framework • Reporting in relation to risk management <p>Clause 32(1)-(2) prescribes the requirements for the risk management framework.</p> | <p>An approved Risk Management Framework was in place during FY 2023-24. No changes were made to the framework in FY 2023-24. The Risk Management Framework provides for the functions of all entities specified in 51(2) as specified on page 3 of the Risk Management Framework published on the AEMO Services website.</p> <p>Evidence: On AER and AEMO Services websites: AER Website - Risk Management Framework AEMO Services Website - Risk Management Framework</p> <p>The Consumer Trustee provided IPART with supplementary information on the exercise of its roles and responsibilities under the Risk Management Framework, which is available on IPART's website.</p> |
| | Section 51(4)-(5) | <p>The approved risk management frameworkⁿ is to be published on the Consumer Trustee's website unless the Consumer Trustee considers it is in the public interest not to publish a part of the framework, and the Consumer Trustee has the approval of the Regulator to not publish the part.</p> | <p>An approved Risk Management Framework was in place during FY 2023-24. No changes were made to the framework in FY 2023-24. The Risk Management Framework provides for the functions of all entities specified in 51(2) as specified on page 3 of the Risk Management Framework published on the Consumer Trustee website.</p> <p>Evidence: On AER and AEMO Services websites: AER Website - Risk Management Framework AEMO Services Website - Risk Management Framework</p> |
| | Section 51(6)(b) | <p>The Minister may require the Consumer Trustee to amend the risk management framework in accordance with a recommendation by the Regulator arising from the review</p> | N/A – Minister did not direct during the period. |
| Advise the Minister in relation to renewable energy zones | Section 51(7) | <p>The Consumer Trustee must amend the risk management framework on the direction of the Minister</p> | N/A – No direction from Minister during the period. Section 51(7) of the EII Act was repealed with effect from 12 December 2023. |
| | Section 60(4)(a) | <p>The Consumer Trustee is to advise the Minister and the Infrastructure Planner in relation to proposed and declared renewable energy zones and proposed and required REZ network infrastructure projects.</p> | <p>The Consumer Trustee provided advice under s 60(4)(a) in FY 2023-24 to the Infrastructure Planner in relation to proposed REZ network infrastructure projects in declared NSW REZs i.e. the Central-West Orana and New England REZs.</p> |

^m AEMO Services, *Risk Management Framework: The risk management framework for the purpose of section 51 of the Electricity Infrastructure Investment Act 2020*, July 2022.

ⁿ Approved by the Regulator

| Function area | Ref ^f | Function ^g | Comments |
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| Negotiating in relation to LTES agreements | Section 60(4)(b) | The Consumer Trustee is to negotiate with a person in relation to LTES agreements, in accordance with the regulations ^o . | The Consumer Trustee exercised the functions contained in section 60(4)(b) during FY 2023-24. The Consumer Trustee made formal recommendations to the Scheme Financial Vehicle to enter into LTESAs as a result of Tender Rounds 2, 3 and 4. In finalising the LTESAs and other project documents, highly limited departures in relation to those documents were accepted. The Consumer Trustee assessed that these departures did not have a material impact on the risk allocation in the contracts and were compliant with the requirements of the EII Act and EII Regulation. |
| Appoint financial trustee | Section 61(1) | The Consumer Trustee is to appoint a Financial Trustee, subject to the requirements in section 66 of the EII Act. | The Consumer Trustee exercised the function contained in section 61(1) in FY 2022-23. On 15 September 2022, the Consumer Trustee appointed Equity Trustees Limited as the Financial Trustee following a competitive procurement (tender) process. Equity Trustees Limited incorporated the Scheme Financial Vehicle on 16 September 2022. |
| Suspension or termination of appointment | Section 68(1)-(3) | The appointor ^p may suspend or terminate the appointment of a person or body under this Part by giving written notice to the person or body. The appointor may suspend or terminate the appointment of a person or body only if an audit of the performance of the person or body carried out under section 67 finds incompetence, misconduct or incapacity. Before terminating the appointment of a person or body under this Part, the appointor must— (a) advise the person or body in writing that the person or body's performance is unsatisfactory and the basis on which it is unsatisfactory, and (b) provide the person or body with an opportunity to make submissions and consider the submissions received. | The Consumer Trustee was not required to exercise the functions contained in sections 68(1)-(3) as at 30 June 2024. |
| Annual reports | Section 70(1) | The Consumer Trustee must, as soon as reasonably practicable after the end of each financial year, provide the Regulator with a report on the exercise of functions under this Act during the financial year. | The Consumer Trustee exercised the functions contained in sections 70(1) in FY 2023-24. |
| Delegation | Section 71(3) | The Consumer Trustee may delegate any of its functions, other than the power of delegation, to a person of a class prescribed by the regulations. | The Consumer Trustee did not exercise the right to delegate the functions contained in sections 71(3) as at 30 June 2024. |
| Advice and recommendations about network infrastructure projects | Clause 18 (s 60(4)(c)) | The Consumer Trustee may, on request of a relevant person, give the relevant person advice about a network infrastructure project. | The Consumer Trustee provided advice to the Infrastructure Planner under clause 18 of the EII Regulation in FY 2023-24. |

^o The regulations have not prescribed any requirements to date.

^p Section 65 defines the Consumer Trustee as the appointor in relation to the appointment of the Financial Trustee

| Function area | Ref ^f | Function ^g | Comments |
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| | | Relevant person means the Minister, the Infrastructure Planner, or the Energy Corporation. The Consumer Trustee may also give the advice to other relevant persons. | |
| Recommendations by Consumer Trustee about network infrastructure projects | Clause 19 (ss 60(4)(c) and 66(5)(d)) | The Consumer Trustee must not make a recommendation ^q that the Minister give a direction under the Act ^r , unless the Consumer Trustee is satisfied the direction is reasonably necessary to achieve the infrastructure investment objectives. A recommendation by the Consumer Trustee must include the recommended contractual arrangements. The Consumer Trustee is not required to assess or review these arrangements before including them in a recommendation. The Consumer Trustee is not required to consider technical information when considering the Infrastructure Planner's recommendations about a REZ network infrastructure project under the Act, ^s other than technical information— (a) specified in clause 44, and (b) provided to the Consumer Trustee in the Infrastructure Planner's recommendation. | The Consumer Trustee did not exercise its function under section 31(1)(a) to recommend that the Minister direct a network operator to carry out a REZ network infrastructure project in FY 2023-24, therefore clauses 19(1), (1A) and (1B) of the EII Regulation are not relevant in FY 2023-24. The Consumer Trustee considered technical information, consistent with clause 19(2) of the EII Regulation in deciding to authorise the recommended network operators to carry out the Main Central-West Orana and Enabling Central-West Orana projects. The public statement of the Consumer Trustee's reasons for its authorisation decision is available on AEMO Services' website . |
| Authorisations | Clause 19A(2)-(3) (s 60(4)(c)) | An authorisation by the Consumer Trustee under the Act ^t must require the network operator to enter into the recommended contractual arrangements. The Consumer Trustee is not required to assess or review the recommended contractual arrangements before including them in an authorisation under subclause (2). | The Consumer Trustee's notices of authorisation for the Main Central-West Orana and Enabling Central-West Orana projects require the network operators for each of these projects to enter into the relevant recommended contractual arrangements, consistent with clause 19A (2) of the EII Regulations. The Consumer Trustee did not assess or review these contractual arrangements before including them in these authorisations consistent with clause 19A (3) of the EII Regulations. The notices of authorisation are available on AEMO Services' website . |
| Transfer of network infrastructure | Clause 21(2)(b) (s 42) | If the Energy Corporation is the Infrastructure Planner in relation to the transferred network infrastructure, the authorisation provider ^u must consider the Energy Corporation's recommendation before giving approval. | The Consumer Trustee did not exercise its function under clause 21(2)(b) to approve a person to whom network infrastructure is transferred as being taken to be a network operator to whom the Act, Part 5, Division 3 applies. This is because no such transfer occurred or has otherwise been presented to the Consumer Trustee. |

^q Under section 31(1)(a) of the EII Act.^r Under section 32 of the EII Act.^s Under section 31 of the EII Act.^t Under section 31(1)(b) of the EII Act.^u The Consumer Trustee is the authorisation provider if it has provided an authorisation under section 31 of the EII Act to carry out a REZ network infrastructure project.

| Function area | Ref ^f | Function ^g | Comments |
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| | | | The notice of authorisation for the Main and Enabling Central-West Orana projects provides for the potential future transfer of REZ network infrastructure project assets between authorised network operators under the existing notices of authorisation for these projects. The notices of authorisation are available on AEMO Services' website . |
| Infrastructure investment objective reports | Clause 24 and 25 (s 45) | These clauses prescribe what the Consumer Trustee must include and take into account in the investment objective reports. | Appendix C of the Final 2023 IIO Report notes how the report addresses each of the regulatory requirements in the EII Regulation for IIO Reports. |
| Tendering for LTES agreements | Clause 26 (s 47(3)(a)) | This clause prescribes the way in which the Consumer Trustee must conduct a competitive tender. | Refer comments in relation to section 47(3) above. |
| LTES agreements recommendation | Clause 26A (s 48(4)) | This clause prescribes matters the Consumer Trustee must take into consideration when making a recommendation about LTES agreements. | Refer comments in relation to section 48(1), (2) and (3) above. |
| Competitive tenders for LTES agreements | Clause 28(2)&(3) (s 47(3)(a)) | The restriction on a person in making a tender bid in a competitive tender for an LTES agreement, where an access right for the infrastructure has already been conferred on the person under an access scheme, under clause 28(1)(b), does not apply if the Consumer Trustee is satisfied there are exceptional circumstances. The Consumer Trustee must specify the exceptional circumstances before conducting a competitive tender. | The Consumer Trustee did not exercise this function during the compliance period as there are no participants in an access scheme yet. |
| Tender rules | Clause 29 | This clause prescribes further matters that the Consumer Trustee must deal with in making rules for a competitive tender. | The Consumer Trustee exercised this function during the compliance period and the updated Tender Rules were published in Government Gazette No 171 on the 10 May 2024. The updated Tender Rules have been published on the Consumer Trustee's website as part of the tender pack for each current and forthcoming tender. |
| Recommendations about LTES agreements | Clause 30 (s 48(4)(b)) | The regulations prescribe the information the Consumer Trustee may include in a recommendation to the scheme financial vehicle under the Act ^v . When making a recommendation about an LTES agreement, the Consumer Trustee must take into account the non-financial value criteria for LTES agreements. | The Consumer Trustee did exercise the functions Clause 30 (s 48(4)(b)). When assessing Bids and making recommendations to the Scheme Financial Vehicle in Tender Rounds 2, 3 and 4, the Consumer Trustee considered non-financial merit criteria as set out in Tender Rules and Tender Guidelines. In particular, Merit Criteria 3-8 (MC 8 applicable to firming infrastructure only) assess non-financial value characteristics of a Bid, which the Consumer Trustee took into account in deciding which LTESAs to recommend. |

^v Under section 48 of the EII Act.

| Function area | Ref ^f | Function ^g | Comments |
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| LTES agreement for generation infrastructure | Clause 31(b) (s 46(2)(f)) | This subclause provides the matters the Consumer Trustee must be satisfied of for derivative arrangement that must be given to the LTES operator under an LTES agreement for the construction and operation of generation infrastructure. | The generation LTESA is an arrangement as described in clause 31(b). The Consumer Trustee was satisfied of the requirements in clause 31(b), and related requirements in clause 26(2A), with respect to the derivative arrangement in the generation LTESAs as at 29 September 2022. The derivative arrangement in the generation LTESA has not changed since that date. |
| Risk management framework | Clauses 32-33 (s 51(8)) | Provides the requirements for the risk management framework. | An approved Risk Management Framework existed during FY 2023-24. The Framework contains each of the requirements outlined in clauses 32 and 33. Refer comments in relation to section 51(1)-(3) above. |
| Contribution determination | Clause 39 (s 60(4)) | The Consumer Trustee must, if requested to do so by the Regulator, provide information to the Regulator that the Regulator considers reasonably necessary to enable the regulator to make a contribution determination. | The Consumer Trustee exercised the functions contained in clause 39 during FY 2023-24. The Consumer Trustee submitted administration expenditure requirements in accordance with the requirements outlined in the AER 'NSW contribution determination guideline' document. During this process, there were some clarifying questions on the content included in the 'Basis of Preparation' document that supported the Consumer Trustees' contribution determination submission and further supporting evidence was provided to the satisfaction of the AER to enable a contribution determination to be made. |
| Functions of Consumer Trustee | Clause 42A (s 60(4)) | The Consumer Trustee has the following functions in relation to an access scheme if the circumstances set out in subclause (1) are met. (a) make rules, in consultation with the infrastructure planner, about the conduct of a competitive tender in relation to the granting or increasing of access rights, and (b) for a competitive tender requested by the infrastructure planner, conduct the competitive tender— (i) within 60 days after the request, or (ii) at the same time as the first competitive tender for an LTES agreement that occurs after 60 days after the request, or (iii) if there is no competitive tender for an LTES agreement within 8 months of the request—by no later than 8 months after the request. (c) make recommendations to the infrastructure planner based on the outcome of the competitive tender, and (d) prepare a report on the competitive tender and the recommendations and give the report to the infrastructure planner. | The Consumer Trustee is conducting a tender for access rights for South West REZ at the request of the Infrastructure Planner and following the publication of the South West REZ Access Scheme Declaration on 12 April 2024, to make recommendations to the Infrastructure Planner on the grant of access rights. The Consumer Trustee anticipates making a recommendation to the Infrastructure Planner on the granting of access rights under the South West REZ Access Scheme in December 2024. |
| Consultee for revenue determinations | Clause 49(1A)&(3) (s 38(10)(a)) | If a revenue determination relates to a REZ network infrastructure project, the Consumer Trustee is to be consulted by the Regulator. | The Regulator did not make a determination related to a REZ Network infrastructure Project in FY 2023-24. |

| Function area | Ref ^f | Function ^g | Comments |
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| | | The Consumer Trustee must give the Regulator information about the amount notified to the Regulator under the Act ^w that the Regulator considers necessary to make the revenue determination. | Following the Consumer Trustee's authorisation of the Main Central-West Orana and Enabling Central-West Orana projects, the Regulator is expected to make a determination in FY 2024-25 and consult with the Consumer Trustee in advance of the determination. In FY 2023-24, the Consumer Trustee engaged extensively with the Regulator in relation to the interactions between the authorisation function and the Regulator's determination, in advance of the Consumer Trustee authorising the Main Central-West Orana and Enabling Central-West Orana Projects. |
| Consultee for review and remaking of revenue determinations for errors | Clause 54(2)(b) | The Consumer Trustee is to be consulted by the Regulator before the Regulator reviews or remakes a revenue determination for the purposes of correcting an error prescribed in subclause (1). | The Consumer Trustee was not consulted on the review or remake of a determination in FY 2023-24 as it understands the Regulator did not undertake such a review or remake in this period. |
| Applying for a cost recovery declaration | Clause 54C(1)(b)&(3)(a) | The Consumer Trustee, as a 'relevant person' for the purposes of Clause 54C, may apply to the Minister for a cost recovery declaration. The Consumer Trustee is to be consulted by the Minister before the Minister makes a cost recovery declaration. | The Consumer Trustee was not consulted on the making of a cost recovery determination in FY 2023-24 as it understands the Minister did not make such a cost recovery determination. |
| Fees for access schemes for employment purposes | Clause 57 (s 26) | The Regulations prescribe the components of a fee that are taken to be used for employment purposes. | This function has not been exercised in FY 2023-24. However, the Access Fee Guidelines published for South West REZ and Central-West Orana REZ include a reference to this component in the fee methodology. |
| Consultee for annual audit plans | Clause 69(2)(a) | The Consumer Trustee, as an 'audit subject' for the purposes of Part 13 of the EII Regulation, is to be consulted by the Regulator if the Regulator proposes to audit the Consumer Trustee under the plan. | The Regulator (IPART) consulted with the Consumer Trustee in April 2024, and the Consumer Trustee provided a response to the Regulator. |
| Consultee for scope of audits | Clause 71(2)(a)(i) | The Consumer Trustee, as an audit subject for the purposes of Part 13 of the EII Regulation, is to be consulted by the Regulator in determining the scope of the audit. | The Regulator (IPART) did not commence consultation on an audit scope in FY 2023-24. |
| Consultee for performance audit guidelines | Clause 72(4)(a) | The Consumer Trustee, as an audit subject for the purposes of Part 13 of the EII Regulation, is to be consulted by the Regulator in developing or reviewing the performance audit guidelines. | The Regulator (IPART) consulted with the Consumer Trustee in April 2024, and the Consumer Trustee provided a response to the Regulator. |
| Give information to the auditor | Clause 74 | The Consumer Trustee, as an audit subject for the purposes of Part 13 of the EII Regulation, must, if requested to do so by an auditor, provide information to the auditor that the auditor considers reasonably necessary for the audit. | The auditor did not request for information that it considers reasonably necessary for an audit in FY 2023-24. |

^w Section 31(2) of the EII Act.

| Function area | Ref ^f | Function ^g | Comments |
|-----------------------------|------------------|---|---|
| Consultee for audit reports | Clause 75(2)(a) | The Consumer Trustee, as an audit subject for the purposes of Part 13 of the EII Regulation, is to be consulted by the auditor before publishing an audit report. | The auditor did not commence consultation on an audit report in FY 2023-24. |

D.3 Financial Trustee

Table D.3 Financial Trustee functions under the EII Act

| Function area | Ref ^x | Function ^y | Comments |
|---|--------------------------------|---|---|
| Consultee about contribution determinations | Sections 56(6)(a) and 61(2)(b) | The Financial Trustee is to be consulted by the Regulator about contribution determinations, and to advise the Regulator about contribution determinations. | The Regulator (AER) consulted with the Financial Trustee in December 2023, and the Financial Trustee provided a response to the Regulator. |
| Scheme financial vehicle | Section 61(2)(a) | The Financial Trustee must administer the Scheme Financial Vehicle. | <p>A list of establishment condition/services including completion dates and commentary are detailed below:</p> <ul style="list-style-type: none"> The Financial Trustee continued to work closely with the Consumer Trustee to ensure the appointment, and related agreements, with appropriate outsourced service provider(s) to continue to enable the Scheme Financial Vehicle to operate as required under the EII Act. External auditors, appointed by the Financial Trustee, prepared a cash controls audit report in relation to the cash management controls within the Scheme Financial Vehicle in accordance with ASAE 3150 (Assurance Engagements on Controls). This audit was completed in January 2024. Pleasingly the audit confirmed the controls were suitably designed to achieve the control objectives and operated effectively. The Financial Trustee entered into Intermediary Authorisation and Limited Agency Deed in June 2024 with the Scheme Financial Vehicle to enable the issue, variation or disposal of derivatives (including swaps) within the meaning of 'derivative' under 761D of the Corporations Act to Wholesale Clients under or in connection with long-term energy service agreements (as defined under the EII Act) including to act as executing agent on behalf of the Scheme Financial Vehicle. <p>In addition to the above, the Financial Trustee, under the Instrument of Appointment, have undertaken the following administration services:</p> |

^x In this column, references to sections are to section of the EII Act, while references to clauses are references to clauses of the regulations.

^y In this column, references to the Regulator are to IPART for performance audit and annual report-related functions, to the EPA for functions under Part 12 of the EII Regulation, and otherwise to the Australian Energy Regulator for all other functions.

| Function area | Ref ^x | Function ^y | Comments |
|------------------------------------|-------------------|--|---|
| | | | <ul style="list-style-type: none"> Company secretariat activities (e.g. meetings and resolutions) associated with administering the Scheme Financial Vehicle and being the sole shareholder. Act as payment agent for the Scheme Financial Vehicle, by making payments on behalf of the Scheme Financial Vehicle. This includes receiving from and making payments on behalf of the Scheme Financial Vehicle in relation to its ongoing administration costs. |
| | Section 62(1)&(3) | The Financial Trustee is to establish the Scheme Financial Vehicle as a company limited by shares under the <i>Corporations Act 2001</i> (Cth) within 3 months of the commencement of section 62. The shares must be held by the Financial Trustee on trust for the purposes of the Act. | <p>The Financial Trustee established the Scheme Financial Vehicle as a company limited by shares under the <i>Corporations Act 2001</i> (Cth) within 1 month of the appointment of the Financial Trustee.</p> <p>The Scheme Financial Vehicle was incorporated on 16 September 2022 and the shares are held by the Financial Trustee on statutory trust for the purposes of the EII Act</p> |
| Annual reports | Section 70(1) | The Financial Trustee must, as soon as reasonably practicable after the end of each financial year, provide the Regulator with a report on the exercise of the functions under this Act during the financial year. | The Financial Trustee provides this report on the exercise of the functions under the EII Act during the financial year ended 30 June 2024. |
| Delegation | Section 71(3) | The Financial Trustee may delegate any of its functions, other than the power of delegation, to a person of a class prescribed by the regulations | The Financial Trustee did not delegate any functions under Section 71 in FY 2023-24. |
| Contribution determination | Clause 39 | The Financial Trustee must, if requested to do so by the Regulator, provide information to the Regulator that the Regulator considers reasonably necessary to enable the Regulator to make a contribution determination. | The Financial Trustee did not exercise the functions in Clause 39 in FY 2023-24 as no request was made by the Regulator. |
| Functions of the Financial Trustee | Clause 42B(1)-(2) | <p>The Financial Trustee must report to the Regulator on the activities of the Scheme Financial Vehicle during a financial year.</p> <p>The report must be included as part of the report provided by the Financial Trustee to the Regulator under the Act^z.</p> | <p>The Financial Trustee provided IPART (as Regulator) with the Scheme Financial Vehicle's FY 2022-23 annual report in September 2023.</p> <p>The Financial Trustee provided IPART with a summary of the Long-Term Energy Service Agreements that have been executed by the Scheme Financial Vehicle in FY 2023-24, including for projects in the Central-West Orana and South West Renewable Energy Zones. This information was provided as part of the Financial Trustee's report to IPART for FY 2023-24.</p> <p>The Financial Trustee will provide a copy of the Scheme Financial Vehicle's FY 2023-24 annual report to IPART, including audited financial reports, when approved by the Scheme Financial Vehicle Board of Directors.</p> |

^z Section 70(1) of the EII Act.

| Function area | Ref* | Function ^y | Comments |
|--|--------------------|--|--|
| | Clause 42B(3) | The Financial Trustee may request information from the Scheme Financial Vehicle for the purposes of preparing the report. | The Financial Trustee requested from the Scheme Financial Vehicle, under section 42(B)(3) of the EII Regulation, a summary of the long-term energy service agreements that have been executed, including for projects in the Central-West Orana and South West Renewable Energy Zones. |
| Consultee for annual audit plans | Clause 69(2)(a) | The Financial Trustee, as an 'audit subject' for the purposes of Part 13 of the EII Regulation, is to be consulted by the Regulator if the Regulator proposes to audit the Financial Trustee under the plan. | The Regulator (IPART) consulted with the Financial Trustee in April 2024, and the Financial Trustee provided a response to the Regulator. |
| Consultee for scope of audits | Clause 71(2)(a)(i) | The Financial Trustee, as an audit subject for the purposes of Part 13 of the EII Regulation, is to be consulted by the Regulator in determining the scope of the audit. | The Regulator (IPART) did not commence consultation on an audit scope in FY 2023-24. |
| Consultee for performance audit guidelines | Clause 72(4)(a) | The Financial Trustee, as an audit subject for the purposes of Part 13 of the EII Regulation, is to be consulted by the Regulator in developing or reviewing the performance audit guidelines. | The Regulator (IPART) consulted with the Financial Trustee in April 2024, and the Financial Trustee provided a response to the Regulator. |
| Give information to the auditor | Clause 74 | The Financial Trustee, as an audit subject for the purposes of Part 13 of the EII Regulation, must, if requested to do so by an auditor, provide information to the auditor that the auditor considers reasonably necessary for the audit. | The auditor did not request for information that it considers reasonably necessary for an audit in FY 2023-24. |
| Consultee for audit reports | Clause 75(2)(a) | The Financial Trustee, as an audit subject for the purposes of Part 13 of the EII Regulation, is to be consulted by the auditor before publishing an audit report. | The auditor did not commence consultation on an audit report in FY 2023-24. |

D.4 Australian Energy Regulator

Table D.4 AER functions under the EII Act

| Function area | Ref ^{aa} | Function | Comments |
|--|-------------------|---|--|
| Consideration of recommendations by the Infrastructure Planner | Section 31(3) | The Regulator must not disclose the maximum amount for development and construction of the REZ network infrastructure to any person. | On 4 June, the Consumer Trustee authorised network operators to carry out the main and enabling Central-West Orana REZ network infrastructure projects, and provided the AER with the maximum amount for the development and construction of those projects. Consistent with the requirements of the EII Act, the AER has not disclosed the maximum amount to any person. |
| Consultee for priority transmission infrastructure projects | Section 34(1) | The Minister must consult the Regulator before directing a network operator to carry out a priority transmission infrastructure project, | This function has not been exercised in FY 2023-24 as the Minister has not directed any Network Operators to deliver priority transmission infrastructure projects. |
| Consultee for authorising a network operator | Section 36(3) | The Minister must consult with the Regulator before authorising a network operator to carry out a priority transmission infrastructure project. | This function has not been exercised in FY 2023-24 as the Minister has not directed any Network Operators to deliver any priority transmission infrastructure projects. |
| Regulator to take into account principles | Section 37(1) | In exercising its functions in relation to the authorisation of a network operator (under Part 5, Div 3 of the EII Act), the Regulator is to take into account the following principles— (a) a network operator is entitled to recover the prudent, efficient, and reasonable costs incurred by the network operator for carrying out the infrastructure project, (b) incentives should be given to network operators to promote economic efficiency, (c) a network operator is entitled to revenue for the ongoing ownership, control and operation of an infrastructure project that is commensurate with the regulatory and commercial risks to the network operator, (d) a network operator is entitled to be informed of material issues being considered by the Regulator under Part 5, Div 3, (e) other principles prescribed by the regulations, ^{bb} | The AER has published guidance ^{cc} about revenue determinations for contestable and non-contestable projects. The guidance sets out how the principles listed in Section 37(1) of the EII Act and Clause 46 of the EII Regulation are considered. These principles were considered in the revenue determination made by the AER for the Paired Generation (November 2023) and non-contestable components (December 2023) of the Waratah Super Battery project. These revenue determinations were reviewed and remade consistent with the principles set out in Section 37(1) in March 2024 and June 2024 respectively. The determinations are published on our website. The non-contestable guideline has also been reviewed with consideration given to Section 37(1) and was published in July 2024. |

^{aa} In this column, references to sections are to section of the EII Act, while references to clauses are references to clauses of the regulations.

^{bb} See clause 46 below.

^{cc} AER, [Revenue determination guideline for NSW contestable network projects](#), 19 August 2022.

| Function area | Ref ^{aa} | Function | Comments |
|-------------------------------|----------------------------------|--|--|
| Making revenue determinations | Section 38(1)-(4),(6) | The Regulator is to determine the amount payable to network operators for network infrastructure projects. Procedural requirements for the determination are set out in sections 38(2)-(4) and (6). | The revenue determination guidelines were applied to decisions in FY 2023-24. The guidelines follow the requirements set out in Section 38(1)-(6). The decisions were the revenue determination for the non-contestable components of the Waratah Super Battery Project (Dec 2023), the remade determination for the non-contestable components of the Waratah Super Battery project (June 2024), the paired generation services component of the Waratah Super Battery project (Nov 2023) and the remade determination for the paired generation services (Mar 2024). All decisions are published on our website and contain the amounts payable to the network operator for the network infrastructure projects. |
| | Section 38(5) | The Regulator is to publish guidelines on its website about the transmission efficiency test. | The guidelines which include the transmission efficiency test are the revenue determination guidelines, ^{dd} which were published on the AER website in April 2023 (non-contestable) and August 2022 (contestable). The non-contestable guideline has recently been reviewed and was published in July 2024. ^{ee} |
| | Section 38(7)-(8) | The Regulator may, by written notice to a network operator, require the network operator to provide information to the Regulator that the Regulator considers necessary to enable the Regulator to make a determination. Subsection (8) prescribes the requirements for a notice if the Regulator issues a notice. | The AER have issued a Regulatory Information Notice (RIN) to Transgrid for the non-contestable component of the Waratah Super Battery project in May 2023 and a response was provided in June 2023, and for the Paired Generation component in September 2023 with a responded provided in October 2023. No other RINs were issued in FY 2023-24, as no other revenue proposals were required to be submitted in this period. |
| Reviewing determinations | Section 40(1) | The Regulator is, in accordance with the regulations, to remake a determination under section 38— (a) once every 5 years, and (b) at any time the Consumer Trustee directs. | The AER has not remade a determination under Section 40(1) in the FY 2023-24 year. The AER expects the first determination to be remade under section 40(1)(a) will be the System Integrity Protection Scheme battery service and will need to be made by 1 July 2028. |
| | Section 40(2) | The Regulator may review and remake a determination at any time, subject to the regulations. | This power was exercised in FY 2023-24 for the review and remake of the non-contestable component (June 2024) and the paired generation services component (Mar 2024) of the Waratah Super Battery project. Both determinations were published on the AER's website. |
| Tendering for LTES agreements | Section 47(1) | The Regulator may authorise the Consumer Trustee to not conduct a competitive tender for LTES agreements. | This function has not been exercised in FY 2023-24 as there has been no need. |
| Consultee on tendering rules | Section 47(6) | The Regulator is to be consulted before the Consumer Trustee makes tendering rules under section 47(5) | The Consumer Trustee consulted with the AER between February to April 2024, regarding proposed changes to tender rules. Correspondence between the AER and the Consumer Trustee have been published on the AER website. |
| Risk management framework | Section 51(3), (5)(b) and (6)(a) | The Regulator must approve the risk management framework prepared by the Consumer Trustee. | This function has not been exercised in FY 2023-24 as there has been no need. |

^{dd} AER, [Transmission Efficiency Test and revenue determination guideline for non-contestable network infrastructure projects](#), 27 April 2023. AER, [Revenue determination guideline for NSW contestable network projects](#), 19 August 2022.

^{ee} AER, [Transmission Efficiency Test and revenue determination guideline for non-contestable network infrastructure projects](#), 27 April 2023.

| Function area | Ref ^{aa} | Function | Comments |
|--|-------------------|--|--|
| | | The Regulator may also approve the Consumer Trustee not to publish a part of the risk management framework. The Minister may require the Regulator to review an approved risk management framework. | |
| Regulator to make annual contribution determinations | Section 56(1) | The Regulator is to determine an amount for a financial year (a contribution determination) that is required for the Scheme Financial Vehicle to be able to make the payments from the Fund that are required under the Act, including the amount required for the Scheme Financial Vehicle to meet its liabilities as they fall due. | The contribution determination for 2024-25 was made on 15 February 2024 and gazetted on the 21 February 2024. ^{ff} The contribution determination was made through the application of the contribution determination guideline. ^{gg} The gazette notice included: <ul style="list-style-type: none"> • the total contribution determination amount • the minimum prudent cash balance • the amounts required to be paid by each NSW electricity distributor • details of how the contribution determination was made. |
| | Section 56(2)-(5) | The purpose of the contribution determination is to determine the amount required to be recovered from distribution network service providers (DNSPs). The amount determined by the Regulator is to include a minimum prudent cash balance for the Fund and the amount required to be paid by each DNSP. The contribution determination must contain details of how it was made, and other information prescribed by the regulations. It must be published in the Gazette no later than 28 February before the beginning of the financial year to which it applies, unless the Minister approves a later date. | As above, the contribution determination for 2024-25 was made on 15 February 2024 and gazetted on the 21 February 2024. The contribution determination was made through the application of the contribution determination guideline which considers the requirements set out in Section 56 of the EII Act. The gazette notice included the information required under Section 56, including: <ul style="list-style-type: none"> • the total contribution determination amount • the minimum prudent cash balance • the amounts required to be paid by each NSW distribution network service provider • details of how the contribution determination was made. |
| | Section 56(6) | In making a contribution determination, the Regulator must consult with the Financial Trustee and take into account the matters prescribed by the regulations. | In making its contribution determination, the AER consulted with the Financial Trustee as required by section 56(6)(a) of the EII Act. The AER exchanged correspondence with the Financial Trustee in December 2023 and January 2024. Table 1 of the gazette notice ^{hh} summarises how the AER has taken the matters listed in regulation clause 35 into account. |
| | Section 56(7) | The Regulator may request the Scheme Financial Vehicle provide the Regulator with information the Regulator considers necessary to enable the Regulator to make a contribution determination. | The Scheme Financial Vehicle has a central role in collating the input data that underpins contribution determinations. It provided the AER with the required information in line with the process set out in the AER's contribution determination guideline, namely at the end of October 2023 and on 15 January 2024. |

^{ff} NSW Government, [NSW Gazette Number 54](#), published on 21 February 2024.

^{gg} AER, [NSW contribution determination guideline](#), 24 August 2023.

^{hh} NSW Government, [NSW Gazette Number 54](#), published on 21 February 2024.

| Function area | Ref ^{aa} | Function | Comments |
|--|---------------------|---|--|
| Variation of contribution determinations | Section 57(1) | The Regulator may, by further order published in the Gazette, vary a contribution determination in certain circumstances. | This function has not been exercised in FY 2023-24 as there has been no need. |
| | Section 57(2) | The Regulator is to publish guidelines on its website about the exercise of the Regulator's functions under this section. | The AER published a contribution determination guideline and model on their website on 24 August 2023. The guideline includes a section on varying contribution determinations under section 57(2). |
| Guidelines | Section 64(4)(a) | The Regulator has the function of issuing guidelines in relation to the exercise of functions by the persons and bodies appointed under the EII Act (see below the entry for clause 42 of the regulations.) | <p>The AER has issued 3 guidelines in relation to the EII Act:</p> <ul style="list-style-type: none"> • Revenue determination guideline for NSW contestable network projects, 19 August 2022 • Transmission Efficiency Test and revenue determination guideline for non-contestable network infrastructure projects, 28 April 2023 (which has recently been reissued) • NSW contribution determination guideline, 24 August 2023. <p>The AER noted that the following draft supporting guidance published in 2022-23 may be impacted by proposed legislative and regulatory changes:</p> <ul style="list-style-type: none"> • The application of incentive schemes (section 37(1)(b) of the Act) • The treatment of confidentiality claims for information provided to the AER (clause 42 of the regulations) • Cost allocation requirements for network operators (clause 42 of the regulations) • Legal and functional separation for network operators (clause 42 of the regulations) <p>The AER will provide an update in the next annual report.</p> |
| Annual Reports | Section 70(2) | The Regulator must prepare an annual report on the exercise of its functions under the EII Act (see conferral agreement). ⁱⁱ | This table fulfils this requirement and has been prepared by the AER following a request for information from IPART, which was received on 20 May 2024. |
| Delegation | Section 71(3) | The Regulator may delegate any of its functions, other than the power of delegation, to a person of a class prescribed by the regulations. | The AER has not exercised any delegations under this provision of the EII Act in FY 2023-24. |
| Penalty notices | Section 76(1) | The AER (as an authorised officer) ^{jj} may issue a penalty notice to a person if it appears to the officer that the person has committed a penalty notice offence. | The AER has not issued any penalty notices in FY 2023-24 as there has been no need. |
| Contribution determination | Clause 35 (s 56(6)) | In making a contribution determination, the Regulator must take into account the matters listed in the clause. | Table 1 of the gazette notice (noted above) summarises how the AER has taken into account the matters listed in clause 35 of the EII Regulation into account. |

ⁱⁱ Agreement - Conferral of functions on the Australian Energy Regulator under the Electricity Infrastructure Investment Act 2020 (NSW).

^{jj} Clause 3A prescribes the AER is an authorised officer.

| Function area | Ref ^{aa} | Function | Comments |
|--|---------------------------------------|---|---|
| | Clause 36 (s 64(4)) | The Regulator must, within 1 week after a contribution determination is published in the Gazette, give each distribution network service provider a notice setting out the percentage of the contribution determination relating to LTES agreements for generation infrastructure. | These notices were given to the NSW distribution network service providers within the indicated time limit in February 2024. These percentages are outputs of the contribution determination template but are provided confidentially to each of the distribution network service providers due to their commercially sensitive nature. |
| | Clause 39 (ss 60(4), 61(2) and 63(4)) | The Regulator may require the Consumer Trustee, Financial Trustee, and Infrastructure Planner to provide information to the Regulator where the Regulator considers it is reasonably necessary to enable the Regulator to make a contribution determination. | The AER relies on this information power to gather the input data from the Roadmap entities that underpins the AER's contribution determinations. The AER issued an information request to these entities in August 2023. The Department of Climate Change, Energy, the Environment and Water (the Department) is looking to amend this clause to capture new Roadmap entities (for example, the NSW Environmental Protection Authority). |
| Functions of the Regulator | Clause 42 (s 64(4)(b)) | The Regulator must— (a) issue guidelines for network operators about the following— (i) the legal separation of the entity through which a network operator conducts regulated activities from any other entity through which it conducts business, (ii) the establishment and maintenance of consolidated and separate accounts for regulated activities and other activities conducted by the network operator, (iii) the limitations on the flow of information from or within the network operator if there is the potential for a competitive advantage or disadvantage to arise, and (b) set standards about the legal and functional separation of the regulated activities of a network operator from other activities of the network operator, and (c) monitor compliance by network operators with the standards. | The AER noted that the following draft supporting guidance published in 2022-23 may be impacted by proposed legislative and regulatory changes: <ul style="list-style-type: none"> • The application of incentive schemes (section 37(1)(b) of the Act) • The treatment of confidentiality claims for information provided to the AER (clause 42 of the regulations) • Cost allocation requirements for network operators (clause 42 of the regulations) • Legal and functional separation for network operators (clause 42 of the regulations) The AER will provide an update in the next annual report. |
| Consultee for competitive assessment process | Clause 45(4) (ss 30(5)(a) and 63(4)) | The Regulator is to be consulted and, if it has requested, be provided information by the Infrastructure Planner, before and during a competitive assessment process. | The Infrastructure Planner has consulted the AER in FY 2023-24 for the competitive assessment processes it was undertaking during that period. In FY 2023-24, these processes have been the Hunter Transmission Project, Waratah Super Battery project and Central-West Orana REZ project. This consultation has generally been in the form of regular updates and discussions, and the inclusion of the AER as an observer in the various tender evaluation panel meetings for each of the processes. The AER also requested information for all competitive assessment processes as set out in our contestable guideline. |
| Competitive assessment process | Clause 45(6) (ss 30(5)(a) and 63(4)) | In the exercise of the Regulator's functions under the Act, Part 5, the Regulator must rely on and adopt information if— (a) the information was given to the Regulator— (i) by the Infrastructure Planner, or (ii) by the network operator under clause 48(1A)(a), and | The AER complied with this requirement in making the revenue determination (Nov 2023) and the review and remaking of the revenue determination (Mar 2024) for the paired generation services component of the Waratah Super Battery project. In making these determinations the AER relied on and adopted information provided by the Infrastructure Planner (predominantly the procurement report and related documentation). |

| Function area | Ref ^{aa} | Function | Comments |
|---|--------------------------|--|---|
| | | (b) the Infrastructure Planner or network operator obtained the information from a competitive assessment process, and (c) the Regulator is satisfied the competitive assessment process was genuine and appropriate. | |
| Principles for Regulator in making revenue determinations | Clause 46 (s 37(1)(e)) | This clause prescribes the principles that the Regulator must take into account when making revenue determinations. | These principles are consistent with the AER revenue determination making process, which is set out in the AER's contestable and non-contestable guidelines. The AER's revenue determinations for the non-contestable components of the Waratah Super Battery project (Dec 2023) and the remade determination for the non-contestable components of the Waratah Super Battery project (June 2024) were consistent with these principles. The AER's revenue determination for the paired generation services component of the Waratah Super Battery project (Nov 2023) and the remade determination for the paired generation services (Mar 2024) were also consistent with these principles. These determinations have been published on our website. |
| Revenue determinations guidelines | Clause 47 (s 38(10)) | The Regulator must prepare and publish guidelines on its website about how it will exercise its functions in relation to revenue determinations. | The guidelines for contestable and non-contestable revenue determinations were made and published on our website in 2022. The non-contestable guidelines were reviewed and remade after a public consultation process and have been published on our website. |
| Guidelines about non-contestable revenue determinations | Clause 47A (s 38(10)) | This clause prescribes the requirements for the Regulator's guidelines for non-contestable revenue determinations. The Regulator must make a non-contestable revenue determination in accordance with these guidelines. | These requirements are reflected in our non-contestable guideline. The AER guidelines were applied in the revenue determination (Dec 2023) and the reviewed and remade revenue determination (June 2024) for the non-contestable components of the Waratah Super Battery project. |
| Guidelines about non-contestable revenue determinations must include schemes and models | Clause 47B (s 38(10)) | This clause prescribes the required schemes and models to be included in the Regulator's guidelines for non-contestable revenue determinations. | The application of these schemes and models are described in the AER's non-contestable revenue determination guideline. Further guidance relating to incentive schemes for non-contestable projects is planned for early 2025. The AER will publish these in the form of a guidance note. |
| Amendment of Regulator's guidelines | Clause 47C | This clause prescribes the procedural requirements for the Regulator to amend its guidelines. | The AER commenced reviewing the Transmission Efficiency Test and revenue determination guideline for non-contestable network infrastructure projects (non-contestable guideline) in Q1 2024. A draft guideline was published on 7 May 2024. A public forum was held on 21 May 2024, and the AER allowed for submissions until 5 June 2024 (20 business days as per Clause 47C). An amended guideline was published on the AER website in Q3 of 2024. |
| Making non-contestable revenue determinations | Clause 47D (s 38(10)(a)) | This clause prescribes the requirements for the making of non-contestable revenue determinations by the Regulator. | The AER made a non-contestable revenue determination for all required components of the Waratah Super Battery project on 15 December 2023. This determination was made with consideration of Clause 47D of the regulations and is published on the AER's website. |

| Function area | Ref ^{aa} | Function | Comments |
|---|----------------------------------|--|---|
| Making revenue determinations for contestable augmentation | Clause 47E (s 38(10)(a)) | The Regulator must determine the amount for the components under the Act, section 38(2) for a revenue determination for a contestable augmentation in accordance with this clause 47E. When making a determination under this clause, the Regulator must take into account the matters prescribed in subclause (5). | The AER was not required to make a revenue determination for a contestable augmentation in FY 2023-24. |
| Network operator to give information to Regulator | Clause 48 (s 38(10)(b) and (c)) | The Regulator may require the provision of information from network operators. | The AER have issued a Regulatory Information Notice (RIN) to Transgrid for the non-contestable component of the Waratah Super Battery project in May 2023. A response was provided in June 2023, and for the Paired Generation component in September 2023, with a response provided in October 2023. No other RINs were issued in FY 2023-24, as no other revenue proposals were required to be submitted in this period. |
| Consultation with the Infrastructure Planner and Consumer Trustee | Clause 49(1)-(1A) (s 38(10)(a)) | The Regulator must consult the Infrastructure Planner before making a revenue determination. If the revenue determination relates to a REZ network infrastructure project, the Regulator must also consult the Consumer Trustee. | The AER revenue determination for the Waratah Super Battery project did not require formal consultation with the Consumer Trustee as it was a Priority Transmission Infrastructure Project. However, the Infrastructure Planner was consulted on the revenue determinations, including the remade revenue determinations, for the Waratah Super Battery project, prior to them being made. |
| Timing for making revenue determinations | Clause 50 (s 38(10)(a)) | Provides the timeframes within which the Regulator must make a revenue determination in relation to a network operator, the process of extending those timeframes, and the requirements of the Regulator if it fails to meet the timeframes. | The non-contestable revenue determination for components of the Waratah Super Battery project was made within 126 business days of receiving the proposal from the Network Operator, in line with Clause 50 of the regulations. The revenue determination for the contestable components of the Waratah Super Battery project (paired generation services) was made within 42 days of proposal receipt, in line with the regulations. Both were published on the AER website. |
| Components of non-contestable revenue determinations | Clause 50A (s 38(2)(d)) | This clause prescribes other components the Regulator is to include in a non-contestable revenue determination. | The AER made a non-contestable revenue determination for components of the Waratah Super Battery project on 15 December 2023. The determination included all required components, including those set out in Clause 50A of the regulations. |
| Adjustment of amount(s) included in revenue determination | Clauses 51 (ss 38(10)(f) and 40) | This clause prescribes the type of provisions for adjustment of any amount included in a revenue determination, and the process for carrying out adjustments. | The revenue determination for the paired generation services (contestable) component and the non-contestable components of the Waratah Super Battery project included the mechanisms of how the schedule of payments may be adjusted. These are published on the AER website. No adjustments have been carried out in FY 2023-24. |

| Function area | Ref ^{aa} | Function | Comments |
|--|--------------------------------|---|---|
| Content | Clause 52 (s 38(10)(d)) | Prescribes the content the Regulator must include in revenue determinations. | The revenue determinations (the initial determination and the remade determination) for the paired generation services (contestable) component included a schedule of amounts required to be paid to the network operator consistent with the term of the contractual arrangements. The revenue determination for the remade non-contestable component of the Waratah Super Battery also includes a schedule of payments, along with the information required as set out in clause 52 of the EII Regulation. These were published on the AER website. |
| Publication | Clause 53(1)-(4) (s 38(10)(f)) | The Regulator must publish the following on its website— (a) if a revenue determination is made or remade— (i) the revenue determination, and (ii) the reasons for making the revenue determination, (b) if an adjustment is made to a revenue determination under clause 51 that did not require the revenue determination to be reviewed and remade— an updated schedule of amounts required to be paid to the network operator. The revenue determination or schedule must be published as soon as reasonably practicable. The Regulator must consult with the Infrastructure Planner before publishing a revenue determination on its website. There are some exceptions to publishing in subclause (4). | The revenue determination for the paired generation services (contestable) component was published in November 2023 including the reasons for making the revenue determination. The reviewed and remade determination was published in May 2024 outlining the reasons why the determination was reviewed and remade. The determinations were published on the AER website. The AER made no adjustments to a revenue determination under clause 51. The AER consulted with the Infrastructure Planner before publishing the determinations. |
| | Clause 53(5)-(6) (s 38(10)(f)) | The Regulator may also publish on its website information given to the Regulator under clause 48 that relates to— (a) a non-contestable revenue determination, or (b) a determination under clause 47E(4) for a contestable augmentation. There are some restrictions on publishing this information in Clause 53(6). | The AER published the revenue proposal provided by Transgrid for the non-contestable element of the Waratah Super Battery project and supporting information. The AER did not receive a revenue proposal in relation to a contestable augmentation in FY 2023-24. |
| Review of errors in revenue determinations | Clause 54 (s 40) | The Regulator may review and remake a revenue determination to the extent necessary to correct— (a) a material error, misdescription or miscalculation, or (b) an error resulting from the provision of false or materially misleading information to the Regulator. Subclause (2) prescribes the persons the Regulator must consult before reviewing or remaking a revenue determination. | The AER remade the Waratah Super Battery non-contestable revenue determination due to a material error. Before remaking the Waratah Super Battery non-contestable revenue determination in June 2024, the AER consulted with the Network Operator (Transgrid), the Consumer Trustee and the Infrastructure Planner. This fulfilled the requirements of clause 54 of the EII Regulations. The AER also consulted with the Scheme Financial Vehicle. |
| Applying for a cost recovery declaration | Clause 54C(1)(b)&(3)(a) | The Regulator, as a 'relevant person' for the purposes of clause 54C, may apply to the Minister for a cost recovery declaration. The Regulator is to be consulted by the Minister before the Minister makes a cost recovery declaration. | The AER did not apply to the Minister for a cost recovery declaration in FY 2023-24. |

D.5 IPART

Table D.5 IPART functions under the EII Act

| Function area | Ref ^{kk} | Function | Comments |
|--------------------------------------|-------------------|---|--|
| Plan for NSW renewable energy sector | Section 8(4) | The Regulator may recommend a board's plan to the Minister only if satisfied that the plan: (a) protects the financial interests of NSW electricity customers, and (b) is consistent with Australia's international trade obligations. | IPART did not exercise this function in FY 2023-24. We last reviewed the Boards' Plan in FY 2022-23. |
| Performance audits | Section 67(1)-(2) | The Regulator is to audit the performance of the following— (a) the consumer trustee, (b) the financial trustee, (c) the scheme financial vehicle, (d) the infrastructure planner. The Minister may require the Regulator to conduct an audit under this section. | IPART did not undertake any performance audits in FY 2023-24. The Minister has not required IPART to conduct an audit under this section. |
| Annual reports | Section 70(2)-(5) | The Regulator must prepare an annual report on the exercise of functions under the Act by the Consumer Trustee, the Financial Trustee, the Infrastructure Planner, and the Regulator itself, that contains the information required by the Minister. The Regulator must provide the annual report to the Minister no later than 4 months after the end of the financial year to which the report relates and must publish the annual report on its website as soon as reasonably practicable after providing it to the Minister. | IPART submitted an annual report to the Minister in October 2023, to fulfil its annual reporting function for FY 2022-23. The report was published on IPART's website on 31 October 2023. |
| Delegation | Section 71(3) | The Regulator may delegate any of its functions, other than this power of delegation to a person of a class prescribed by the regulations | IPART did not exercise this function in FY 2023-24. |
| Commencing proceedings | Section 77(6) | Without limiting section 14 of the Criminal Procedure Act 1986 , the Regulator may commence proceedings for an offence against this Act or the regulations. | IPART did not exercise this function in FY 2023-24. |
| Annual audit plans | Clause 69 (s 67) | The Regulator must prepare an annual audit plan setting out the routine performance audits the regulator plans to undertake in the following year. This clause prescribes the consultation and publishing requirements for the annual audit plan. | IPART published an annual audit plan for FY 2024-25 on our website in May 2024. We consulted with the Minister, audit subjects and the NSW Auditor General in April 2024 in finalising the audit plan. |
| Frequency of audits | Clause 70 (s 67) | The Regulator may conduct a routine performance audit of the entity no more than once every 5 years. | IPART did not exercise this function in FY 2023-24. |

^{kk} In this column, references to sections are to section of the EII Act, while references to clauses are references to clauses of the regulations.

| Function area | Ref ^{kk} | Function | Comments |
|---|-------------------|--|---|
| | | <p>If a routine performance audit of an entity identifies matters of high risk, the regulator may conduct a follow-up audit of the entity and assess whether or not the entity has taken action to address identified matters of high risk, including action recommended by the regulator.</p> <p>Subclause (4) prescribes the circumstances in which the Regulator may conduct a performance audit more frequently than every 5 years.</p> | |
| Scope of audits | Clause 71 (s 67) | <p>In determining the scope of an audit, the Regulator (as the auditor) must consider the following—</p> <ul style="list-style-type: none"> (a) high risk areas of the audit subject's functions, (b) the administrative burden imposed on the audit subject by the audit, (c) external control and assurance measures relevant to the audit subject including under the following— <ul style="list-style-type: none"> (i) the <i>Corporations Act 2001</i> of the Commonwealth, (ii) the <i>Government Sector Audit Act 1983</i>, (iii) the <i>Public Governance, Performance and Accountability Act 2013</i> of the Commonwealth. <p>Subclause (2) prescribes the consultation requirements.</p> | IPART did not exercise this function in FY 2023-24. In accordance with our annual audit plan, we plan to consult with the audit subjects and determine the audit scopes in FY 2024-25. |
| Guidelines | Clause 72 (s 67) | <p>The Regulator must develop guidelines about how the Regulator proposes to conduct performance audits of entities under the Act, section 67(1) (the guidelines).</p> <p>Subclauses (2)-(3) prescribe the content of the guidelines. In developing or reviewing the guidelines, the Regulator must—</p> <ul style="list-style-type: none"> (a) consult the Minister and audit subjects, and (b) consider the submissions made. <p>The Regulator must publish the guidelines on its website and do so before undertaking the first performance audit under this part.</p> | IPART published our performance audit guideline in May 2024. We consulted with the Minister, audit subjects and the NSW Auditor General in April 2024 and considered their submissions when finalising the guideline. |
| Conduct of audits | Clause 73 (s 67) | <p>Subclauses (1)-(2) prescribe the audit standards that apply to the conduct of an audit by the Regulator (as the auditor) and matters to assess in an audit.</p> <p>The auditor must notify the Minister before commencing an audit.</p> | IPART did not exercise this function in FY 2023-24. |
| Obligation to give information to auditor | Clause 74 (s 67) | <p>An auditor can request an audit subject to provide information to the auditor that the auditor considers reasonably necessary for the audit.</p> | IPART did not exercise this function in FY 2023-24. |
| Reporting | Clause 75 (s 67) | <p>If the auditor is the Regulator, an audit report must, as soon as practicable after the audit is completed, be published on the Regulator's website.</p> <p>Before publishing an audit report, the auditor must—</p> <ul style="list-style-type: none"> (a) consult the audit subject, and (b) give a copy of the report to— | IPART did not exercise this function in FY 2023-24. |

| Function area | Ref ^{kk} | Function | Comments |
|---------------|-------------------|--|----------|
| | | (i) the Minister, and (ii) the audit subject. Subclause (3) prescribes the circumstances when the auditor may decide not to publish part of an audit report. | |

D.6 Environment Protection Authority

Table D.6 EPA intended functions under the EII Act

| Function area | Ref ¹¹ | Function | Comments |
|---------------------|---------------------------|---|--|
| Offset requirements | Clause 62(3) | The Regulator must estimate the cost of offset units and determine a reasonable administration fee. | The EPA has not needed to undertake this function to date. The EPA is working closely with the Department and the Scheme Financial Vehicle to ensure a straightforward and effective process is established to enable the transfer of funds between the relevant parties and allow offsets to be procured and surrendered when required. |
| Offset requirements | Clause 63(2) (s 46(2)(f)) | The Regulator must procure and surrender the offset units required to be procured and surrendered by an LTES operator who made a payment under clause 62(3) instead of procuring and surrendering the offset units. | The EPA has not needed to undertake this function to date. |
| Calculations | Clause 64 | Prescribes the requirements for the Regulator to make a calculation under Part 12, Division 3 of the regulations. | The EPA has calculated and published the NSW grid greenhouse gas emissions intensity for the 2021 and 2022 calendar years on the EPA website To date, the EPA has not needed to calculate offset units. |
| | Clause 65 (s 64(4)) | Prescribes the requirements for the Regulator to calculate emissions intensity and offset units. | The EPA has calculated and published the NSW grid greenhouse gas emissions intensity for the 2021 and 2022 calendar years on the EPA website To date, the EPA has not needed to calculate offset units. |
| Calculation method | Clause 66 | The Regulator must develop a methodology for calculating emissions intensity and offset units. The regulations prescribe the requirements of that methodology. | The EPA has prepared a guide that outlines both the EPA and firming infrastructure operator's roles and responsibilities under Part 12 of the EII Regulation. It includes the methodology for calculating emissions intensity and offset units. The guide is available on the EPA's website . |

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ISBN 978-1-76049-769-9