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Wednesday, 1 June 2022

Rachel Parry  
Deputy Secretary Energy Climate Change and Sustainability  
Office of Energy and Climate Change

By email: [electricity.roadmap@dpie.nsw.gov.au](mailto:electricity.roadmap@dpie.nsw.gov.au)

Dear Rachel

### **Draft Network Authorisation Guidelines**

Transgrid welcomes the opportunity to respond to the draft Network Authorisation Guidelines (draft Guidelines) jointly prepared by Energy Co (as Infrastructure Planner) and AEMO Services (as Consumer Trustee) under the NSW Electricity Infrastructure Investment Act 2020 (EII Act).

As the jurisdictional planner, operator and manager of the transmission network in NSW and the ACT for over 40 years, Transgrid has developed unique expertise and capability in managing one of the key parts of the Australian energy system. In this context, Transgrid is keen to assist Energy Co and AEMO Services to develop the Guidelines in a way that enables the NSW Government to deliver on its objectives to provide low emissions, reliable and affordable electricity to consumers in NSW. The views in this submission reflect those of Transgrid in our role as the jurisdictional planner, and operator and manager of the existing transmission network in NSW and the ACT – they do not necessarily reflect the views of any affiliated business of Transgrid.

Transgrid's view is that the draft Guidelines provide a useful overarching framework for the authorising of network infrastructure projects. The complexity of the new arrangements and the need to delineate clearly the respective roles and responsibilities of the relevant parties, however, inevitably raise important points of detail that warrant further clarification. In that regard, the remainder of this submission highlights those areas where Transgrid would welcome additional information to be included in the Guidelines.

Transgrid's view is that the clarity we are seeking will provide much needed certainty for industry stakeholders and market participants, and deliver the consumer outcomes the NSW Government is targeting.

### **Clarity on roles and responsibilities of the NSW market bodies**

It would be helpful for Energy Co and AEMO Services to provide an end-to-end view of the process for investment in network infrastructure under the EII Act including the roles and responsibilities of the market bodies: Energy Co, AEMO Services and the AER. This will help to ensure clear accountability, in particular in the event that there is a difference of view, and provide certainty to stakeholders operating under the framework.

## **Infrastructure Planner options assessment**

Transgrid seeks more detail in the Guidelines on the criteria that Energy Co proposes to use in recommending whether it will make a network project contestable or non-contestable, or authorised or directed.

For example, in making its decision on what basis a network infrastructure project should proceed, the Infrastructure Planner should give adequate weight to the significant community and environmental benefits associated with brownfield investment compared to Greenfield investment. The choice between brownfield and Greenfield may affect the extent to which the project is contestable, as indicated in Table 3 of the draft Guidelines. In this regard, Transgrid seeks further guidance on what would constitute 'reasonable costs necessary to foster local support for investment' and 'community benefits' in Table 3 of the draft Guidelines. Transgrid strongly supports the inclusion of community engagement principles that Energy Co will follow in assessing network projects.

Transgrid also seeks additional guidance regarding the circumstances under which the Consumer Trustee, in accordance with section 31(1) of the EII Act, would recommend the Minister directs a Network Operator to carry out a REZ network infrastructure project. In particular, it would be valuable if Energy Co and AEMO Services could provide some examples of scenarios where this would be the case. Transgrid also notes there should be appropriate remuneration for a Network Operator that is subject of a direction to recognise the additional risk involved.

## **Investment under the NER and cost recovery**

The draft Guidelines state that the Infrastructure Planner is to assess and make recommendations about costs and cost recovery, including investment that would be authorised through the RIT-T process under the NER.

Transgrid seeks clarity on the role of the Infrastructure Planner in investments under the NER. If the Infrastructure Planner is to recommend that the incumbent NSP deliver a network infrastructure project under the NER, then Transgrid seeks clarity and guidance on the criteria the Infrastructure Planner would use to make this decision.

Transgrid would also support timely notification of whether a project is to proceed under the NER or not. This would enable the incumbent TNSP to allocate resources efficiently for the benefit of consumers.

Transgrid's view is that there should be transparency around the costs incurred by Energy Co in development works, noting that consumers pay these, to enable greater stakeholder confidence in the framework.

## **Compliance with relevant laws and regulations**

Table 3 in the draft Guidelines suggests that the Network Operator may decide not to comply with the relevant laws and regulations if it is cheaper to pay the penalties associated with non-compliance. Transgrid's view is that it is essential that Network Operators be required to comply with relevant laws and regulations to avoid compromising the safety, reliability and performance of the electricity system.

## Arrangements for Network Operator failure

The draft Guidelines provide for an authorisation to include provisions for the expiry or lapsing of the authorisation to facilitate scenarios such as where a substantial Network Operator failure has occurred, or if the Project Deed between the Network Operator and the Infrastructure Planner has been terminated.

Transgrid's view is that clarity is also required in the Guidelines, or other relevant instruments, on the process for ensuring a reliable and secure energy system and supply to consumers in the event of a Network Operator failure. These arrangements should be set out in detail, and would be akin to the Retailer of Last Resort arrangements under the National Energy Retail Law and Rules.

If you require any further information or clarification, please feel free to contact either me or Neil Howes, Senior Manager Policy Reform at [neil.howes@transgrid.com.au](mailto:neil.howes@transgrid.com.au)

Yours faithfully



Brian Salter  
Executive General Manager – Legal, Governance and Risk