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Wednesday, 25 October 2023

Ms Sue Higginson MLC
Chair
Portfolio Committee No. 7 – Planning and Environment

Submitted online.

Dear Ms Higginson

Inquiry into the Climate Change (Net Zero Future) Bill 2023

Transgrid welcomes the opportunity to provide a submission to the NSW Government's Inquiry into the Climate Change (Net Zero Future) Bill 2023, being undertaken by the Portfolio Committee No. 7 – Planning and Environment.

Transgrid operates and manages the high voltage electricity transmission network in NSW and the ACT, connecting generators, distributors and major end users. Our transmission network is at the heart of the National Electricity Market and is vital to achieving NSW Government net-zero emissions targets, by connecting geographically and technologically diverse, low-cost renewable generation to customers. Transgrid stands ready to partner with the NSW and Commonwealth Governments to deliver the investment required.

Transgrid has also set several ambitious science-based targets to cut emissions ourselves and decarbonise our business. These include:

- Reducing Scope 1 and 2 emissions by 60 per cent by 2030, compared with a base year of 2021 and net zero by 2040.
- Reducing Scope 3 emissions from Purchased Goods and Services, and Capital Goods by 48 per cent for every million dollars that we spend on these two categories by 2030, compared with a base year of 2021, and net zero by 2050.

Transgrid understands that the NSW Government's Bill proposes incorporating emission reductions targets for 2030 and 2050 into law and establishing an independent Net Zero Commission to independently monitor progress towards these targets. We understand the Bill would also put in place guiding principles for action to address climate change and would set an objective to make NSW more resilient to the changing climate.

Transgrid supports these objectives as they will help to promote valuable certainty to investors in delivering the infrastructure urgently required to meet the NSW Government's emissions reductions commitments and providing a reliable energy supply for NSW consumers at a lower total cost. Transgrid alone forecasts that it will need to invest at least \$14 billion over the next decade to support Australia's energy transition.

This includes investment in Project EnergyConnect, HumeLink and VNI West. These projects must be delivered in a compressed timeframe and in addition to our 'business as usual' capital expenditure.

Australia's energy transition will require a coordinated approach from State, Territory and Commonwealth Governments. Critically, governments will need to provide regulatory frameworks that are fit-for-purpose to deliver these nation-critical projects which are of a size and scale not experienced before. Additionally, Australia must invest in the skilled workforce required to construct and operate the infrastructure.

The Net Zero Commission will play a vital role in coordinating the NSW Government's actions to address climate change and meeting emissions reductions targets. To this end, we recommend a key focus of the Net Zero Commission should be to advise on ways to streamline and accelerate the delivery of the NSW Government's Roadmap, noting a guiding principle in the Bill, that action to address climate change should be taken as early as possible to minimise the cost and adverse impacts of climate change to consumers and the state.

Transgrid also strongly supports the guiding principle in the Bill that action on climate change should involve appropriate consultation with communities and stakeholders. Our experience in delivering major transmission projects for Australia's energy transition is that effective consultation and engagement is paramount to securing and maintaining community and stakeholder support and social licence for these projects.

To maintain investor confidence and attract the necessary investment in low emissions infrastructure in NSW, we support governments' plans to set future emissions reductions targets, including for 2035, in line with the Paris Agreement's central aim to limit global temperature increases to 1.5°C above pre-industrial levels. The NSW Government may also consider the latest Intergovernmental Panel on Climate Change findings, which highlights the gap between projected emissions from implemented policies and those needed to meet the Paris Agreement. In this context, we also note that the Victorian Government has recently set a 75-80% emissions reductions target by 2035.

Thank you for the opportunity to provide a submission in relation to this Inquiry. If you require further information please contact Nicole Ryan at nicole.ryan@transgrid.com.au.

Yours faithfully

Maryanne Graham
Executive General Manager – Community and Policy