

Marie Jordan
Executive General Manager, Network
Transgrid
180 Thomas Street
Sydney NSW 2000

2 August 2024

Dear Ms Jordan,

EnergyCo welcomes the opportunity to provide feedback to Transgrid's Project Assessment Draft Report (PADR) for meeting system strength requirements in NSW.

The Energy Corporation of NSW (EnergyCo) is a statutory authority responsible for leading the delivery of Renewable Energy Zones (REZs) under the *Electricity Infrastructure Investment Act 2020* (EII Act). EnergyCo's role is to plan and coordinate transmission, generation, storage and firming infrastructure in a way that benefits consumers, regional communities and investors.

This letter sets out our views in relation to the planning of system strength services in the South West Renewable Energy Zone (REZ) in our capacity as the Infrastructure Planner under the EII Act and appointed administrator of the South West REZ Access Scheme.

We understand that under the National Electricity Rules (clause S5.1.14), Transgrid has an obligation to provide system strength services in accordance with AEMO's forecasts. EnergyCo notes that NSW Government policy provides for a higher level of variable renewable energy (VRE) in the South West from 2029-30 than forecast in the 2024 Integrated System Plan.

NSW Government policy envisions more VRE in South West REZ in 2029-30

In November 2022, the Minister for Energy declared the South West REZ with an intended network capacity of 2.5 gigawatts. This formed the basis of the South West REZ Access Scheme, which the Minister declared in April 2024, with an initial allocation of up to 3.98 gigawatts of VRE capacity of access rights to be awarded based on the intended network capacity of 2.5 gigawatts.

Launched on 22 May 2024, AEMO Services' Tender Round 5 sought bids from developers to assess and recommend up to 3.98 gigawatts VRE generation to EnergyCo for the award of access rights. The outcomes of this process should be known by early 2025.

A number of large wind generation projects are currently under development in the South West REZ. Over 25 projects in the South West REZ with over 18 gigawatts of VRE capacity are currently seeking planning approval. Given the high level of generator interest it is likely there will be significant competition for access rights in the REZ. Pending the outcomes of the AEMO Services Tender Round 5, EnergyCo could grant the full 3.98 gigawatts capacity of access rights to generators in early 2025.

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VRE projects in the REZ may seek energisation dates aligning with the energisation of Transgrid's Project EnergyConnect, and EnergyCo would expect the majority of this generation to be energised by a similar 2029-30 timeframe to AEMO's ISP, after HumeLink and the northern section of VNI West reach energisation.

Request for Transgrid to consider system strength planning based on 3.98 GW by 2030

The full capacity of VRE that can be allocated access rights is higher than the AEMO IBR forecasts in the region, which specify 307MW at the Buronga node and 2567MW at the Darlington Point node by 2030. As such, the system strength services currently planned in the PADR for this region are unlikely to be sufficient to meet the generation development anticipated by EnergyCo. This could limit ability to dispatch low-cost renewable energy in the future.

In this context, EnergyCo requests that Transgrid consider development of 3.98 GW of VRE in South West REZ by 2030 for the purposes of system strength planning. Ensuring this minimum level of system strength will be crucial to accommodate the anticipated generation. We believe that this consideration would be prudent and efficient, and in the best interests of consumers.

EnergyCo also notes that the aggregate maximum capacity cap for South West REZ may increase in the future, through headroom assessments that could commence as soon as the initial allocation of access rights is completed in early 2025. This headroom may originate from BESS projects within the REZ reducing curtailment levels through peak shaving, or through additional network upgrades which unlock or decongest additional capacity. EnergyCo therefore suggests that the system strength needs in this region be reviewed regularly, and any changes be detailed in joint planning meetings between the organisations.

Thank you for considering this proposal. We appreciate Transgrid's collaboration through joint planning on system strength to date and we look forward to continuing to work together on the energy transformation in NSW.

Yours faithfully,



Andrew Kingsmill
Executive Director, Technical Advisory Services