



New South Wales

Electricity Infrastructure Investment Bill 2020

Explanatory note

This explanatory note relates to this Bill as introduced into Parliament.

Overview of Bill

The objects of this Bill are—

- (a) to improve the affordability, reliability, security and sustainability of electricity supply, and
- (b) to co-ordinate investment in new generation, storage, network and related infrastructure, and
- (c) to encourage investment in new generation, storage, network and related infrastructure by reducing risk for investors, and
- (d) to foster local community support for investment in new generation, storage, network and related infrastructure, and
- (e) to support economic development and manufacturing.

To achieve the objects, the Bill sets up a framework for investment in generation, storage and network infrastructure that includes the following main components—

- (a) the assessment and monitoring of an energy security target for electricity supply for each year,
- (b) renewable energy zones in particular geographical areas of the State that are made up of particular generation, storage and network infrastructure,
- (c) the construction and operation of network infrastructure in renewable energy zones and other areas of the State,
- (d) a framework for cost recovery by network operators who construct and operate network infrastructure,

- (e) derivative arrangements for persons who construct and operate generation, storage and firming infrastructure,
- (f) contributions from distribution network service providers.

Outline of provisions

Part 1 Preliminary

Clause 1 sets out the name (also called the short title) of the proposed Act.

Clause 2 provides for the commencement of the proposed Act.

Clause 3 sets out the objects of the proposed Act as set out in the Overview above.

Clause 4 provides that words used in the proposed Act are defined in the Dictionary.

Part 2 Energy security targets

Part 2 requires the person appointed as the energy security target monitor to calculate annual energy security targets and to assess and monitor whether or not the energy security target will be met over the following 10 years.

Part 3 Renewable energy zones and access schemes

Part 3 sets up the renewable energy zone framework as follows—

- (a) the Minister for Energy and Environment (the *Minister*) will be able to declare a renewable energy zone comprising a specified geographical area of the State and specified generation, storage or network infrastructure,
- (b) the 3 planned renewable energy zones known as Central-West Orana, New England and South West will be declared by the Minister,
- (c) the Minister will be able to declare the access schemes that operate in a renewable energy zone to authorise or prohibit access to, and use of, network infrastructure by operators of generation and storage infrastructure.

Part 4 Network infrastructure projects

Part 4 deals with the planning and implementation of network infrastructure by—

- (a) requiring a person appointed by the Minister as the infrastructure planner to assess and recommend network infrastructure options for a renewable energy zone, and
- (b) enabling network operators to be authorised or directed to carry out a particular network infrastructure project, which may include planning, construction and operation, and
- (c) requiring the scheme financial vehicle established under the proposed Act to pay a network operator who carries out a network infrastructure project an amount that equals the prudent, efficient and reasonable costs incurred by the network operator in carrying out the project.

Part 5 Electricity infrastructure investment safeguard

Part 5 sets up the electricity infrastructure investment safeguard that includes—

- (a) objectives for generation, long-duration storage and firming infrastructure, and
- (b) planning by the consumer trustee for development pathways for generation, long-duration storage and firming infrastructure, and
- (c) derivative arrangements referred to as long-term energy service agreements that are entered into between the scheme financial vehicle and a person who operates and constructs generation, long-duration storage or firming infrastructure, and

(d) a risk management framework set up by the consumer trustee.

Part 6 Electricity infrastructure fund

Part 6 requires the scheme financial vehicle to establish an electricity infrastructure fund and provides for the money that may be paid into and from the fund. Distribution network service providers will be required to pay contributions into the fund.

Part 7 Administration

Part 7 sets up the roles of energy security target monitor, consumer trustee, financial trustee, infrastructure planner and regulator and provides for the scheme financial vehicle to be established.

Part 8 Miscellaneous

Part 8 contains miscellaneous provisions.

Schedule 1 Savings, transitional and other provisions

Schedule 1 enables savings and transitional regulations to be made.

Schedule 2 Amendment of other legislation

Schedule 2.1 amends the *Electricity Supply Act 1995* in relation to the energy savings scheme.

Schedule 2.2 amends the *Energy and Utilities Administration Act 1987* in relation to the Climate Change Fund.

Dictionary

The Dictionary defines words used in the proposed Act.