

Article Information

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New England renewable energy zone - Draft declaration on exhibition

The New South Wales Government has finalised the [draft declaration](#) of the New England Renewable Energy Zone (Draft Declaration) and it is now on public exhibition for feedback until 12 November. The Draft Declaration is the first step in formalising the New England Renewable Energy Zone under s19 of the [Electricity Infrastructure Investment Act 2020](#) (NSW) (the Act).

The Renewable Energy Zone (REZ) strategy is part of the NSW Government's [Electricity Infrastructure Roadmap](#). The aim is to encourage a cluster of renewable generators in an area, and in doing so, to capitalise on economies of scale for the development of network infrastructure. 'Long-Term Energy Service Agreements' (LTES Agreements) will encourage investment by giving long term revenue certainty and minimum pricing through derivative arrangements.

The indicative location of the New England REZ was first published in 2018 and since then, there has been high levels of real property transaction activity in the area. Energy Corporation (Energy Co NSW) has now refined the area after an extensive collaboration and consultation process. Once gazetted, the specified geographical area and the specified network infrastructure will comprise the New England REZ, although infrastructure may be added to the declaration at a later date.

Draft Declaration (s19)

The Draft Declaration declares (in draft form) a REZ comprising:

- a geographical area in New England stretching from the Glen Innes Severn Local Government Area to the Walcha Local Government Area (see map below); and
- all planned, new and existing network infrastructure in that geographical area.

The Draft Declaration also:

- specifies the intended network capacity as 8 gigawatts; and
- designates EnergyCo as 'Infrastructure Planner' for the New England REZ (s63).

Schedule 1 to the Draft Declaration is a map identifying the New England REZ Geographical Area - extracted below.



Next steps under the Act

Once the declaration is gazetted, the next steps under the Act include the following.

- **Declaration of REZ Access Scheme and Access Fees (s24)** - the Access Scheme will be a separate declaration under s24 of the Act to authorise access and conditions of access, including the payment of fees for access to specified network infrastructure under s26 of the Act.
- **Assessment of REZ network infrastructure projects (s30)** - EnergyCo NSW will assess network infrastructure needs and make recommendations to the 'Consumer Trustee' about network infrastructure projects required for the REC. The Consumer Trustee is a person appointed by the Minister under 60 of the Act to act independently and in the long-term financial interests of NSW electricity customers.
- **Tender and negotiation for LTES Agreements (s47 and s60(4)(b))** - the Consumer Trustee will tender and negotiate LTES Agreements with LTES Operators.

Under LTES Agreements, the LTES Operator (s46):

- will construct and operate renewable energy generation infrastructure as specified in the LTES agreement; and
- may periodically opt to exercise a derivative arrangement (this provides for a minimum price mechanism).

LTES Agreements apply to the following renewable energy generation infrastructure (s43):

- generation infrastructure from a renewable source with a generation capacity of at least 30 megawatts;
- long-duration storage infrastructure that:
 - consists of storage units with at least 8 hours registered capacity; and
 - is scheduled by Australian Energy Market Operator (AEMO) in the central dispatch process under the *National Electricity Rules*; and
- firming infrastructure scheduled by AEMO in the central dispatch process under the *National Electricity Rules*.

Generation infrastructure in the REZ is preferred through s48 - the Consumer Trustee must not recommend entry into an LTES that is outside the REZ unless it shows 'outstanding merit'.

- **Consultation, engagement and negotiations with Aboriginal communities (s4)** - the Minister will issue guidelines about consultation and negotiation with local Aboriginal communities to increase employment and income opportunities. The Consumer Trustee must take these guidelines into account in exercising its functions in relation to LTES Agreements (s4(4)).
- **Orders prohibiting connection (s29)** - Under the Act, the Infrastructure Planner can prohibit a network operator from allowing a proponent to connect to the operator's network infrastructure if the Infrastructure Planner is satisfied that:
 - there is significant opposition from the community in the local area to the proposed infrastructure;
 - making the order is reasonably necessary to maintain public support in the local area for other infrastructure in the REZ; and
 - making the order is in the public interest.

The order cannot be made once a project proponent has development consent.

EnergyCo NSW is also developing guidelines about when it can issue this order.

The draft declaration is open for public feedback to EnergyCo NSW's REZ team until 12 November 2021. Further information is available [here](#).

Formalising the New England REZ will be a welcome step for the many project proponents that are already active in the area as well as landholders entering into contracts for sale of land, leases and options for sales and leases with them.

The objects of the Act include a wide range of economic, environmental, social and energy security goals and these objects are given practical effect through measures such as the LTES tendering and negotiation process. Careful implementation will be needed to ensure local Aboriginal communities and others in the community do share in the benefits that the REZ promises. The REZ strategy is shaping up to be an important driver of carbon emissions reductions, regional investment and economic transition in New South Wales.