



Friday, 12 September 2025

Chloe Hicks  
EnergyCo  
GPO Box 5469  
Sydney NSW 2001

**CEC submission to New England REZ generation and storage consultation paper**

Dear Ms Hicks,

The Clean Energy Council (CEC) is the peak body for the clean energy industry in Australia, representing nearly 1,000 of the leading businesses operating in renewable energy, energy storage, and renewable hydrogen. The CEC is committed to accelerating the decarbonisation of Australia's energy system as rapidly as possible while maintaining a secure and reliable supply of electricity for customers.

The CEC welcomes this opportunity to comment on EnergyCo's proposed New England REZ generation and storage consultation paper for the next phase of NSW's energy transition. The CEC would like to commend EnergyCo on its openness and willingness to engage collaboratively with industry on this important regulatory reform and to take onboard the observations presented by CEC staff and our members.

This submission does not address all the questions outlined in the consultation paper, rather it focuses on a subset of issues that have been identified by some of our members for further consideration by EnergyCo, being:

- Section 3.4 on the proposed scope of the access scheme under consideration and the introduction of the Access Control Mechanism.
- Section 3.6 on transitional arrangements
- Section 6.3 on the system strength approaches under consideration

In summary, there are conflicting perspectives within the CEC on the value of the proposed Access Control Mechanism (ACM). Some members consider EnergyCo may be overstepping its legislated role by introducing an ACM, as it provides it with the power to influence who can and cannot connect outside of the REZ. However, some members supported the introduction of a targeted ACM on transmission lines electrically proximate to the REZ – where its inclusion or exclusion could directly impact curtailment outcomes for New England REZ (NE REZ) generation. As such, the CEC considers irrespective of any decision made around the introduction of the proposed ACM, it is essential that further consultation is undertaken with

affected stakeholders on the details of the design and its implementation. This will ensure that the many renewable generation and storage projects currently in-flight in and around the NE REZ are able to connect to the New South Wales transmission system to meet the new replacement capacity required for the retirement of coal-fired generation in the near to medium term.

Many well-advanced projects intending to locate within or near the NE REZ, will because of this reform, either need an access right or will require approval under the proposed ACM, with little clarity as to how this will affect their project. As such, an overly punitive approach to grandfathering may send a signal to future investors that this area of New South Wales is no longer open to new development.

In respect of the approaches under consideration for system strength, the CEC commends EnergyCo on a more collaborative approach to addressing these issues compared with that imposed on the Central West Orana REZ where the requirements were more prescriptive.

The remainder of this summary will highlight the views of CEC members in relation to these main points.

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### **Introduction of an access control mechanism**

The CEC understands there may be need for a mechanism to safeguard the additional cost and investment those proponents make when locating in a REZ and complying with an access scheme; however, care should be taken to ensure any mechanism is not overly punitive and prevent the connection of high-quality renewable generation assets.

The CEC understands that the proposed ACM is currently only being considered as an option to apply to specified network infrastructure outside, but in close proximity, to the REZ geographical boundaries. This contrasts to the GIA which is intended to apply to all areas outside REZs in Victoria. While an improvement on the GIA, many members within the CEC are still concerned that EnergyCo's proposal is contrary to the open access ethos of the NEM. They consider that proponents seeking to connect into existing transmission network infrastructure should be able to do so without an ACM applying.

Contrary to this view, some CEC members supported the introduction of a targeted ACM on transmission lines outside the REZ, but only where they are electrically proximate and could materially impact REZ curtailment. In their view, for the NE REZ, a targeted ACM is appropriate given its interconnected nature, where both REZ and non-REZ projects may benefit from the new network – as it has the potential to directly impact curtailment outcomes for NE REZ generation. These members considered that unlike the situation in Victoria with the VTP and the proposed GIA, the prospective generation capacity of the NE REZ is substantial, and as such, a narrowly scoped ACM is therefore important in this context to preserve the value of the REZ and provide investor certainty.

The CEC also notes that consideration of an ACM was not contemplated in the access schemes to apply to other REZ developments in New South Wales (including the South West and Central West Orana REZs), and that its inclusion in the New England REZ would set a precedent for other REZ developments in the state. Furthermore, the announcement of the potential inclusion of existing infrastructure into the Access Scheme Network so long after the REZ was announced introduces considerable time and cost uncertainty for projects that are working towards final investment decision.

In addition, many CEC members are concerned that EnergyCo may run into many of the issues that VicGrid grappled within its consultation paper for the GIA released for publication earlier this year.<sup>1</sup> Specifically, defining the level of curtailment impact, defining the curtailment test and the process for how projects will be assessed and issued consent, in addition to, any transitional provisions for in-flight projects seeking connection to a transmission network that becomes subject to controlled access. Many of the arguments put forward by the CEC to the VicGrid consultation and outlined in its submission are just as relevant to the consideration of an ACM for the New England REZ. We also note that VicGrid are yet to further engage with industry on its proposed GIA Guidelines and REZ Connections and Access framework following publication of the Final Victorian Transmission Plan – which we expect will delve in many of these areas more deeply.

Given the complexities with this approach and the potential impact on the open access regime in the NEM for projects sited outside of a REZ, there are conflicting perspectives within the CEC on the value of the proposed ACM. However, we agree with EnergyCo that irrespective of the decision made around the proposed ACM, it is essential that further consultation is undertaken with affected stakeholders on the details of the design and implementation of any mechanism intended to be introduced. The CEC is happy to help facilitate this consultation with EnergyCo and members as required.

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### **Transitional and grandfathering arrangements**

While the CEC appreciates the balance EnergyCo needs to take in considering outcomes between the previous open access regime and that governed by an access right as part of a declared access scheme, some within the CEC do not consider the proposed options under section 3.6 of the consultation paper strike the right balance to reduce the risk of delaying or deterring projects already in development as a result of the Access Scheme being introduced.

Some CEC members considered that option A of the proposed transitional arrangements:

“ have received an offer to connect under the NER by the date the first tender for access rights commences” –

was too far along the development timeline and risked the goodwill of industry that had invested in good faith under the existing open access regime that their project – if it met the needs and requirements of the local community – would be able to be connected to the grid. While others considered option A appropriate, as it recognised projects that are sufficiently advanced while maintaining the integrity of the Access Rights Regime.

Similarly, some CEC members considered option B:

“ has made a valid and complete application to connect by the date the Access Scheme is declared and has received confirmation of compliance with Generator Performance Standards (a section 5.3.4A letter) by the date the first tender for Access Rights commences” –

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<sup>1</sup> CEC Submission | VicGrid – Grid Impact Assessment Consultation Paper, 14February 2025, pp.3-8 & 10.

is also relatively late in the development timeframe, and projects that have already submitted a connection application may not have sufficient time to achieve 5.3.4a before even the most generous cut-off date to the start of the transitional arrangements.

Some members noted a preference for transitional arrangements to apply to projects that have submitted the “Application to Connect” by the date the first tender for access rights commences, and if EnergyCo would like to see more commitment from the generator, the criteria could also include submission of the DA by the date the first tender for access rights commences. For a reasonably progressed project, these two milestones can be achieved from this point by the cut-off date. However, clarity and certainty from EnergyCo will be required for the proponent to commit the funding required to achieve these milestones, otherwise, these projects are likely to remain in limbo until mid-2026.

As such, these CEC members suggested EnergyCo consider other metrics that could be used to identify projects that could be grandfathered under the current open access regime and/or provided with transitional arrangements under the declared access scheme. They recommended EnergyCo further consider the following metrics in developing the transitional arrangements for in-flight projects, particularly those that have been under development for a long period of time and have been actively engaging with the local community impacted by their project. This could include:

- how far the project proponent has progressed with Transgrid/Lumea on the commercial model and design of transmission lines and/or connecting infrastructure;
- the extent to which project proponents have consulted with and have the consent of landholders for the hosting any of required transmission network infrastructure;
- any community benefit sharing schemes and/or funds that have been developed with local communities;
- how far the project has progressed with regards to Development Approval and EPBC applications and
- project design and procurement – including preparation of the connection application.

In addition, members noted in section 3.6.2 of the consultation paper that EnergyCo had indicated the following:

“ Projects that are connected to the Access Scheme Network before the date the Access Scheme is declared or have received an offer to connect by this point in time, will be subject to transitional arrangements. This means they will not need an Access Right or EnergyCo consent...” [emphasis added]

Given the second sentence states that these proponents will not need an Access Right, the CEC considers that the first sentence should contain the words “will **not** be subject to transitional arrangements”. The CEC is seeking confirmation from EnergyCo that this is the intent, as these generators would have entered into connection agreements with Transgrid and already secured their connection approvals. As such, Transgrid will have an obligation contractually to provide transmission access to these generators under the connection agreement, and these projects should not be subject to transitional provisions.

In summary, while understanding that a line needs to be drawn in the sand, the CEC understands that project developers expend significant development expenditure and multiple years of effort for projects to reach the point of submitting development and EPBC approvals/applications and/or a connection application. As such, while this needs to be balanced against any lost capital expenditure in building out generation beyond the limits of

hosting grid infrastructure, the CEC sees merit in broader consideration of other factors in conjunction with the NER connection process to identify those in-flight projects most likely to connect to the grid that may be deterred and ultimately not progress if additional REZ related financial requirements are leveraged on them. As such, the CEC recommends EnergyCo consider a broader range of criteria in its consideration of the transitional arrangements to apply to in-flight projects likely to connect within the NE REZ Access Scheme.

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### **Approaches to system strength**

The CEC is supportive of the proposed approach for the consideration of system strength in the NE REZ compared with that implemented for other REZ Access Regimes within New South Wales – for example, the relatively prescriptive regime implemented in the Central Wet Orana REZ.

Given that the technological component of grid forming battery energy storage systems is now better understood, CEC members considered the main barriers to greater utilisation of these assets for system strength are regulatory in nature. Members noted that in assessing the options, EnergyCo ensure that there be certainty to access rights holder on what their system strength charges are or what options they can provide to address their system strength needs without relying on a large number of complicated studies that are also dependent on other parties.

The CEC welcomes further engagement with the EnergyCo as the New England REZ access scheme is further developed over the coming months. Further queries can be directed to James Eastcott at [jeastcott@cleanenergycouncil.org.au](mailto:jeastcott@cleanenergycouncil.org.au).

Kind regards

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