



SUBMISSION ON THE *ENERGY CO-ORDINATION AND PLANNING AMENDMENT (RENEWABLE ENERGY ZONES) BILL 2024*

Overview

The CEC is the peak body for the renewable energy sector in Australia. We represent and work with around 1,000 businesses operating in Australia across solar, wind and hydro power, energy storage and renewable hydrogen. Our mission is to accelerate Australia's clean energy transition.

We thank ReCFIT for the opportunity to comment on the draft REZ legislation. Striking the right balance across a range of considerations relating to Renewable Energy Zones is critical to the successful and timely rollout of renewable energy projects.

Broadly, we consider the aims and setting of the draft legislation to be appropriate. However, in this submission we would like to draw attention to a few issues within the legislation that warrant further consideration.

Comments on the bill

The CEC has supported the development of REZ frameworks across multiple NEM states over the last few years. A common theme encountered is the need for stronger value propositions for investors to develop projects in a REZ. While taxpayer value for money is of course front and centre, strong value signals for renewable investors are equally critical.

These value signals relate primarily to management of curtailment and potentially some reduction in connection times. However, there are also many costs to connecting a REZ: most obviously the access fees levied on connecting parties, which are often layered on top of levies related to community benefits and landholder payments.

Care must be taken to ensure the benefits of developing a project in a REZ clearly outweigh these costs. This is both a matter of substantive policy design as well as effective communication and industry engagement.

This submission provides suggestions regarding the former. As to the latter, the Clean Energy Council can facilitate knowledge sharing and industry engagement, to assist the Tasmanian government in development of these important infrastructure projects.

Below we provide some more detailed comments on specific elements of the Bill, with a view to developing a stronger value proposition for REZ development.

- The creation of a REZ Long Term Strategic Plan makes sense. The scope of the Plan is appropriate (s.11F(4)), and the requirement to publish the Plan within 12 months of the passage of the Bill (s.11F(2)) avoids a long period of uncertainty.
- The Bill does not specify how much of the network asset costs will be recovered from REZ generators, and the guidance note states that “Under the draft Bill, generators, load and storage that connect to the REZ Infrastructure **would pay for the infrastructure**, with costs being recovered from customers as a last resort and in very limited circumstances”. We consider this is somewhat concerning as, when coupled with contributions to community benefits schemes and other administrative costs, this could materially erode the value proposition of REZ connection. We acknowledge that the details are likely to only be resolved through the development of the REZ Long Term Strategic Plan following passage of the legislation, but we note this presents some uncertainty and risk for developers that ultimate will flow through to consumers and affect the pace of new builds.
- Similarly, the Bill does not specify how the costs of REZ network infrastructure will be shared between first mover / foundation REZ developers and later developers. Our view is that foundation generators should not be required to cover the cost of infrastructure that benefits later connecting parties. Rather, these costs should be borne by the REZ planner / government, with some portion of these costs recovered from later generators if and when they connect (noting concerns above regarding quantum of REZ costs recovered from REZ generators).
- The Bill does not include any provision for the *participants* to request additional access rights to increase generation capacity or any periodic review by the REZ co-ordinator to make a recommendation to the Minister of any available additional network capacity. Ensuring that participants can request additional rights will support accelerating the pace of new build. The CEC suggests that some language to ensure this is possible be considered in the Bill.
- With the above in mind, we encourage Tasmania to consider how to partner and collaborate with REZ developers when planning and building REZs. A market led approach may help deliver timely and fit for purpose REZ infrastructure. The approach being developed in QLD, where REZ infrastructure development is iteratively developed and tailored to the needs of foundation generators, offers an example of such a market led approach to REZ development. While there are still material issues to be addressed in the QLD approach – particularly regarding how costs of REZ infrastructure are shared between REZ generators and consumers – this approach may bring some benefits in terms of flexibility and innovation.
- The references to bonding (s.11N(2)(b)) are also concerning. In NSW, we understand that significant costs will be imposed on connecting generators through bonding processes at different stages of the development process but with no equivalent provisions for payments to generators from the REZ network provider, if the REZ network provider does not meet contracted timeframes and deliverable dates for constructing and energising REZ network infrastructure. We understand there are no liquidated damages provisions imposed on the network developer to cover generators costs associated with material delays in delivery of network infrastructure. This creates additional risk and potentially increases financing costs.

The CEC strongly encourages Tasmania clarify what measures will be taken to ensure that



REZ network assets are delivered on time and what provisions will be available to cover generator costs if those network assets are materially delayed.

- The requirement for mandatory payments into a declared Community Benefit Fund (s.11ZB) is potentially problematic, depending on the rate/amount (which will be set in accordance with regulations), and depending on how this funding is administered. Combined with REZ development costs, REZ access costs, project-specific benefit-sharing arrangements and for potential changes to council rate contributions, there is a question of whether the overall framework will lead to projects that achieve commercial viability. We will provide further comment on this in our submission on the draft Community Benefit Sharing Framework.

For further discussion, please contact:

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