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South West Renewable Energy Zone

Summary of EnergyCo's network recommendation

October 2026



Acknowledgement of Country

The Energy Corporation of New South Wales acknowledges that Aboriginal and Torres Strait Islander peoples are the First Peoples and Traditional Custodians of Australia, and the oldest continuing culture in human history. We also acknowledge that the South West Renewable Energy Zone is on the lands of the Wiradjuri, Barkandji, Yorta Yorta, Baraba Baraba, Wemba Wemba, Wadi Wadi, Madi Madi, Nari Nari, Dadi Dadi, Kureinji and Yitha Yitha peoples. We pay respect to Elders past and present and commit to respecting the lands we walk on, and the communities we walk with.

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South West Renewable Energy Zone

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Foreword



Hannah McCaughey

Chief Executive Officer,
EnergyCo

The South West Renewable Energy Zone (REZ) will play a critical role in NSW's transition to a reliable, affordable and sustainable energy future. By supporting the connection of new renewable generation and storage projects, the South West REZ will help put downward pressure on electricity prices for households and businesses, while strengthening long-term energy security. With strong renewable energy resources, a strategic location within the transmission network and significant interest from renewable energy developers, the region is well placed to support the energy needs of NSW for decades to come.

The South West REZ Network Infrastructure Project (RNIP) has been developed to provide the network infrastructure required to unlock these opportunities. The project supports the timely delivery of infrastructure required to support the South West REZ while helping to minimise impacts on communities and the environment.

Importantly, the benefits of the South West REZ extend beyond the electricity system. The South West REZ will support jobs, skills development, local business participation and community investment across the region. Through ongoing engagement with communities, First Nations peoples, councils and industry, EnergyCo is committed to ensuring these benefits are realised and shared locally.

I am pleased to present this summary of EnergyCo's recommendation for the South West RNIP and look forward to continuing to work with communities and stakeholders as the project progress.

About EnergyCo

The Energy Corporation of NSW (EnergyCo) is a statutory authority established under the NSW *Energy and Utilities Administration Act 1987*.

EnergyCo has been appointed Infrastructure Planner under section 63 of the NSW *Electricity Infrastructure Investment Act 2020* (EII Act), under which it may act to investigate, plan, coordinate and promote energy infrastructure development in NSW for NSW's five Renewable Energy Zones (REZs) and for two Priority Network Infrastructure Projects (PNIPs).

Our role is to plan, procure and coordinate delivery of renewable energy zones (REZs) and priority network infrastructure projects as part of NSW's energy transition. There are 3 key elements to our work.

- We plan and design new network infrastructure for our REZs, which includes power lines, substations and batteries.
- We design and manage access schemes to select the best wind, solar and storage projects to connect to the grid in our REZs.
- We work with landowners and communities to plan and shape our projects, to minimise impacts and to deliver benefits that will leave a positive legacy for the communities and individuals who host electricity infrastructure.

We are also working with other government agencies to coordinate enabling infrastructure work in relation to our REZs, such as road upgrades. This is necessary for us to deliver our projects efficiently and with the greatest value for communities.

Across regional NSW, communities hosting renewable energy and transmission lines will share the financial benefits of this once-in-a-generation opportunity. It will bring new investment into the region, and opportunities for local businesses and the creation of local jobs. Investors are ready to build the generation and storage we need right now in the dedicated REZs already identified across the State.

We are coordinating the transition to ensure it happens in an orderly manner and are leading strategic planning and consultation processes, so the new transmission infrastructure needed to realise the State's energy transition is developed in the right place, at the right time, to deliver clean, reliable and affordable energy to the households and businesses of NSW.

Our key responsibilities include:

Infrastructure and investment

- Developing and recommending the required network infrastructure projects for the REZs.
- Working with parties such as the Consumer Trustee, the Australian Energy Market Operator (AEMO), Transgrid, Network Operators, Distribution Network Service Providers, Councils and key community and industry groups to ensure the new network infrastructure to support the REZs is constructed most effectively. We will do this in a way that seeks to minimise impacts to and maximise opportunities for local communities, industries and workers.
- Overseeing implementation of the REZ access framework, including tender processes for access that deliver benefits to generators and to the communities where the REZs are located.

Community and stakeholder engagement

- Coordinating and, where necessary, leading community and stakeholder engagement activities to support REZ delivery.
- Working closely with the Network Operators and access rights holders to ensure best outcomes for communities.
- Delivering tangible benefits such as jobs, supplier opportunities and skills training for First Nations people and local communities.
- Promoting local development opportunities, through engagement with local communities and industry.

Strategic planning, technical and regulatory design

- Contributing to strategic, holistic planning for each REZ.
- Coordinating the technical design of REZs in consultation with AEMO, Transgrid as the transmission system operator, delivery partners and generators.
- Strategically improving electricity networks and providing innovative network and technology solutions that could optimise the design and performance of REZs or provide additional system strength and reliability to regional areas.

As Infrastructure Planner, EnergyCo coordinates the planning and recommendation of network infrastructure required to support REZs. EnergyCo develops an Infrastructure Planner Recommendation Report (IPRR) to support the Consumer Trustee's consideration of a recommended project.

Summary of recommendation and context

As Infrastructure Planner under the *Electricity Infrastructure Investment Act 2020* (EII Act), EnergyCo has recommended the South West Renewable Energy Zone (REZ) Network Infrastructure Project (RNIP) for authorisation. The South West RNIP enables coordinated delivery of the infrastructure required to support the South West REZ by the end of 2029 and is expected to deliver significant long-term benefits for NSW electricity consumers.

EnergyCo has provided its recommendation to the Consumer Trustee to authorise the South West RNIP.¹ This follows EnergyCo's assessment of the network infrastructure required to support the South West REZ and enable the intended network transfer capacity of 2.5 gigawatts (GW) by the end of 2029. The intended network transfer capacity represents the amount of power that can be moved through the system, from the South West REZ into the broader NSW transmission network. It will support renewable generation and storage projects within the South West REZ that have been granted access rights, representing approximately 3.56 GW of generation and energy storage capacity.

This document has been prepared to provide a summary of EnergyCo's recommendation to the Consumer Trustee, including the basis for that recommendation.²

The South West RNIP comprises four integrated infrastructure components:

- Upgrades to existing transmission infrastructure between Dinawan, Gugaa and Wagga (previously planned to be delivered as part of VNI West);
- a third transformer at Dinawan substation;

¹ EnergyCo made its recommendation under section 30 of the EII Act.

² This report seeks to balance transparency in relation to EnergyCo's recommendation and the need to protect commercial-in-confidence and other sensitive information. Accordingly, confidential information has been omitted from this report.

- expansion of the Dinawan 330 kilovolt (kV) switchyard; and
- system strength works at Dinawan.

If authorised by the Consumer Trustee, the South West RNIP will be delivered by Transgrid, subject to its appointment as Network Operator in accordance with the EII Act framework.³

Cost benefit analysis commissioned by EnergyCo indicates that the South West RNIP is expected to deliver up to \$1.27 billion (real, 2025) in net benefits to NSW electricity consumers over the period of Financial Year (FY)27 – FY40.⁴ These benefits arise primarily from the earlier construction and operation of lower-cost renewable generation, which drive consumer savings through reductions in the wholesale electricity price.

Supporting the NSW energy transition through the South West REZ

The NSW Electricity Infrastructure Roadmap (the Roadmap) was established to support the transition of the NSW electricity system as coal-fired generation retires and is replaced by renewable generation, storage and transmission infrastructure. REZs are a central element of the Roadmap and are intended to coordinate investment in areas with strong renewable energy resources.

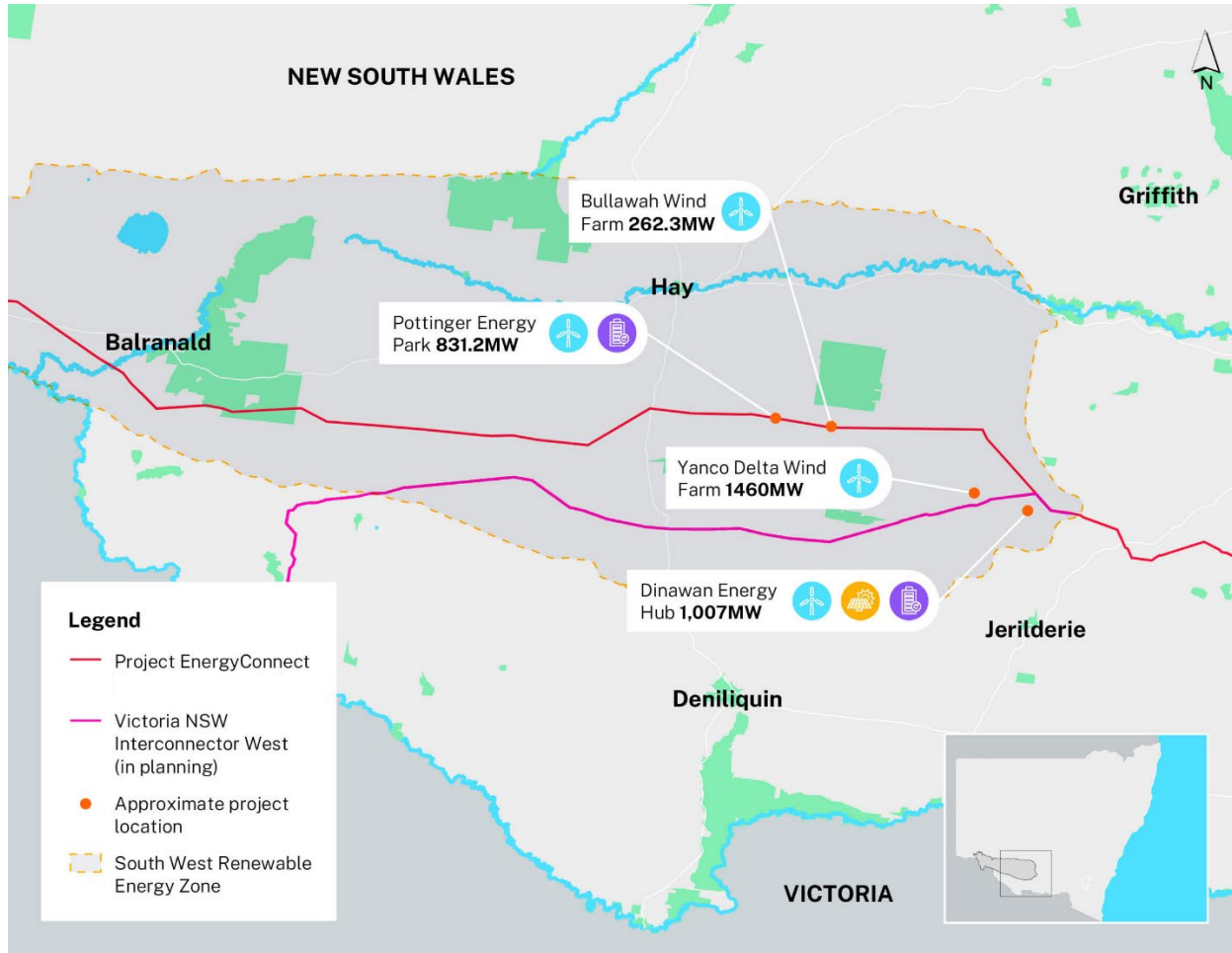
The South West REZ was declared as a REZ under the EII Act in November 2022, with EnergyCo appointed as Infrastructure Planner.⁵ The region has significant renewable energy resources, particularly wind generation, and is strategically located alongside major existing and planned transmission infrastructure.

³ EnergyCo has executed a Project Development Deed with Transgrid to accelerate delivery of the South West REZ Network Infrastructure Project [NSW residents a step closer to reliable electricity from the South West Renewable Energy Zone with deal sealed | EnergyCo](#)

⁴ The CBA was undertaken prior to the inclusion of the synchronous condensers in the scope of the South West RNIP and therefore, their costs were not included in the assessment. Given the magnitude of the positive net benefits identified by the CBA, inclusion of synchronous condenser costs would still be expected to result in a significantly positive net benefit overall. See section 'Generating financial benefits for electricity consumers' for further detail.

⁵ The NSW Minister for Energy signed the [Renewable Energy Zone \(South West\) Order 2026](#) on 5 July 2026. The Order amends the South West REZ Declaration to provide greater clarity on the scope of network infrastructure intended to support the South West RNIP.

Figure 1. Location of the South West Renewable Energy Zone in south-western NSW.



The importance of the network infrastructure required to support development of the South West REZ is reflected in the 2026 Integrated System Plan (ISP), which formally identifies components of the South West RNIP as an actionable NSW transmission project.⁶ The South West RNIP plays a key role in enabling the energy produced in the South West REZ to be transported to consumers across NSW.

⁶ AEMO (2026), [Final Integrated System Plan](#)

The South West REZ Network Infrastructure Project

The South West RNIP will enable the full 2.5 GW of required network transfer capacity for the SW REZ by the end of 2029. It leverages existing and approved transmission infrastructure and corridor easements to unlock the export capacity required for the South West REZ and supports the connection of new renewable generation and storage projects.

The South West RNIP comprises the following infrastructure components:

1. Upgrades to existing transmission infrastructure between Dinawan, Gugaa and Wagga

- Upgrades to existing transmission infrastructure to enable the transmission line to operate at its full 500kV capacity, including:
 - creation of a direct 500kV transmission link between Dinawan and Gugaa, by bypassing Wagga substation
 - replacement of the existing transmission line between Gugaa and Wagga with a new double circuit transmission line
 - construction of a new 500kV Dinawan substation and associated transmission infrastructure.

2. Third transformer at Dinawan

- Installation of an additional (third) transformer at the Dinawan substation to increase the amount of electricity that can be transferred through the transmission network.

3. Dinawan 330kV switchyard expansion

- Expansion of the existing 330kV switchyard at Dinawan to include:
 - connection infrastructure for generation and storage projects (South West REZ access rights holders)
 - the provision of infrastructure to enable future connections.

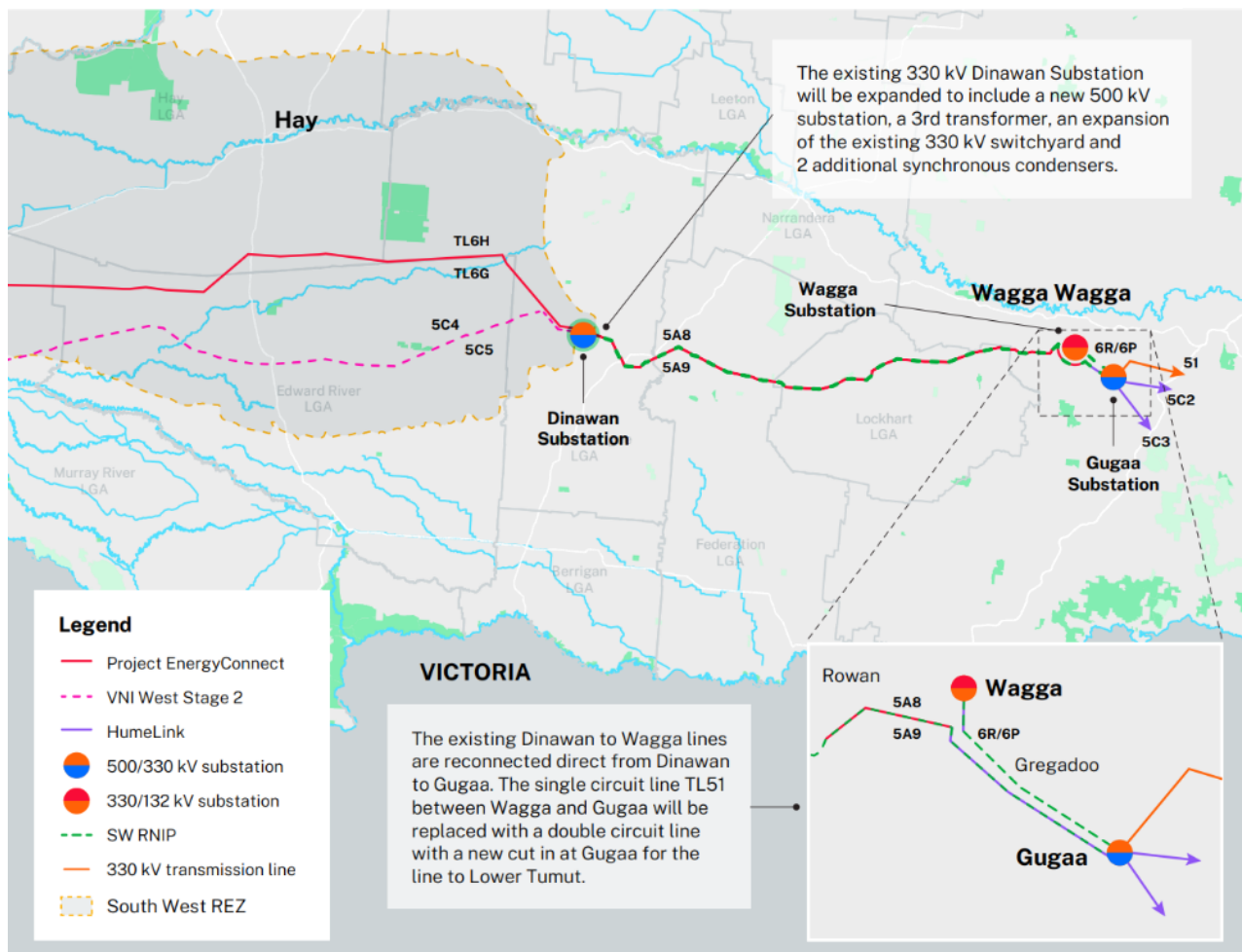
4. System strength works at Dinawan (synchronous condensers)

- Two synchronous condensers at Dinawan, as well as all associated enabling works, to provide system strength services and support the secure operation of the electricity system.

The upgrades to existing transmission infrastructure between Dinawan, Gugaa and Wagga, and the third transformer at Dinawan are required to enable the South West REZ's intended network transfer capacity of 2.5 GW and the Dinawan 330 kV switchyard expansion and system strength works support the timely connection and operation of renewable generation and storage projects.

The South West RNIP, shown in Figure 2 below, is centred around the Dinawan-Wagga-Gugaa transmission corridor and interfaces with key transmission projects including Project EnergyConnect, VNI West Stage 2 (future project – to the West) and HumeLink (to the East). By building on these existing and planned investments, the South West RNIP supports a coordinated approach to network development across southern NSW.

Figure 2. High level map of the South West RNIP



Importantly, much of the South West RNIP will be delivered within existing transmission corridor easements and established substation sites. This approach reduces the need for new transmission corridors, limits impacts on landholders and communities and makes efficient use of existing and approved network infrastructure. Construction of the various project components is expected to occur progressively, commencing in 2027 and targeted for completion by the end of 2029.

EnergyCo consulted with the Australian Energy Market Operator (AEMO), network service providers, local councils, the Australian Energy Regulator (AER) and other key stakeholders while developing its recommendation. Consultation covered the proposed South West RNIP scope, network delivery timing, regulatory approach and interactions with existing and planned transmission infrastructure. Discussions also noted the broader community benefit arrangements, potential construction impacts and economic opportunities associated with the South West REZ. Feedback from consultation informed development and assessment of options for the South West RNIP. Consulted stakeholders broadly supported the project and did not raise any matters that materially changed EnergyCo's recommendation for the South West RNIP.

Project history

In April 2025, based on a recommendation from the Consumer Trustee, EnergyCo awarded access rights to projects representing approximately 3.56 GW of renewable generation and storage capacity within the South West REZ.⁷ Consistent with the South West REZ Declaration and Access Rights Scheme, these projects are expected to contribute significantly to replacing retiring generation, diversifying NSW's energy supply and supporting long-term energy reliability.⁸

The South West REZ access rights were allocated based on enabling the anticipated 2.5GW of transfer capacity by the end of 2029, supported by several key transmission infrastructure projects including Project EnergyConnect, HumeLink, VNI West and other minor additional infrastructure including the third transformer at Dinawan.⁹

The upgrades to existing transmission infrastructure between Dinawan, Gugaa and Wagga (South West RNIP component) were originally intended to be delivered under the National Energy Rules (NER) as part of VNI West. In July 2025, updated information released by VicGrid for VNI West indicated that the expected completion date for the project had shifted from 2028 to late 2030.¹⁰ The 2026 ISP also recognised evolving timing assumptions for major transmission developments

⁷ EnergyCo (2025), [South West Renewable Energy Zone powers up | EnergyCo](#)

⁸ New South Wales Government Gazette (2026), [Renewable Energy Zone \(South West\) Order 2026](#)

⁹ ASL (2024), [Tender Round 5 Guidelines – South West Renewable Energy Zone Access Rights Supplement](#)

¹⁰ VNI West (2025), [VNI West Project Update: July 2025](#)

across the National Electricity Market (NEM).¹¹ Further assessment identified the need for system strength infrastructure to support the South West REZ network transfer and generation capacity.¹²

To support timely delivery of the network infrastructure required by the end of 2029 and provide greater regulatory certainty, EnergyCo identified the need to bring the South West RNIP components under the EII Act. These components comprise a coordinated package of transmission, connection and system strength infrastructure required to support the South West REZ.

Project costs and cost recovery

As the South West RNIP comprises shared transmission network infrastructure, all project costs are proposed to be recovered from NSW electricity consumers under the EII Act framework via the Scheme Financial Vehicle (SFV), subject to approval by the AER of prudent, efficient and reasonable costs through the Transmission Efficiency Test.¹³ Cost recovery for the South West RNIP is expected to occur through the regulatory processes established under the EII Act and the National Electricity Rules (NER). The AER will assess relevant expenditure prior to approving the revenue that may be recovered from customers.¹⁴

To preserve the integrity of the ongoing design and construction (D&C) procurement process, the total project cost estimate has not been published in this report. The detailed cost estimate has been provided to the Consumer Trustee, and includes design and construction costs, project delivery and acceleration costs incurred by EnergyCo and the Network Operator, property and land-related costs, and other costs associated with project development and delivery. Prior to development of the South West RNIP, a defined subset of early works (VNI West costs) had already been approved for recovery under the National Energy Rules framework.¹⁵ These costs will not be included in the South West RNIP.

The final allocation and recovery of project costs will be determined through relevant regulatory and commercial processes.

¹¹ AEMO (2026), [Final Integrated System Plan](#)

¹² Transgrid (2025), [Meeting system strength requirements in NSW: RIT-T Project Assessment Conclusions Report \(PACR\)](#). Transgrid's system strength RIT-T concluded that additional synchronous condensers are required at Dinawan to support the stable voltage of new generation from access rights holders within the South West REZ. This is in addition to the two synchronous condensers already constructed at Dinawan under PEC.

¹³ EII Act 2020 Part 5, Division 3

¹⁴ Further information on the revenue determination process is available on the AER website.

¹⁵ AER (2024), [AER Determination Transgrid's Victoria to NSW Interconnector West Stage 1 Early Works Contingent Project Application](#)

Expected benefits of the South West REZ Network Infrastructure Project

The South West RNIP will support a reliable, affordable and sustainable electricity system while delivering long-term benefits for NSW electricity consumers, regional communities and the broader NSW economy. The South West RNIP is expected to deliver net benefits of up to \$1.27 billion to NSW electricity consumers.

In developing its recommendation, EnergyCo assessed the South West RNIP against the objects of the EII Act and the factors relevant to the Consumer Trustee's consideration of the project. EnergyCo's assessment indicates that the project is expected to deliver benefits for NSW electricity consumers, renewable energy developers, regional communities, First Nations peoples and the broader NSW economy. The following sections summarise the key benefits.

Generating financial benefits for electricity consumers

Cost benefit analysis commissioned by EnergyCo indicates that the South West RNIP is expected to deliver approximately \$1.27 billion (real, 2025) in net benefits to NSW consumers over the period of FY27 to FY40. A key driver of the South West RNIP value is the earlier connection of renewable generation and storage projects, enabling lower cost renewable energy to enter the market sooner and place downward pressure on wholesale electricity prices. Reduced wholesale electricity prices represent the largest share of consumer benefits, estimated at approximately \$1.54 billion (real, 2025).

Additional benefits are expected to arise from:

- more efficient utilisation of existing and planned transmission network infrastructure
- avoided or deferred network investment elsewhere in the electricity system
- broader market and emissions reduction benefits associated with accelerating the energy transition.

The cost-benefit analysis considered a range of costs, including:

- cost of bringing forward upgrades to existing transmission infrastructure between Dinawan, Gugaa and Wagga
- cost of third transformer
- cost of Dinawan 330 kV switchyard expansion
- Infrastructure Planner Project Acceleration Costs.

The cost-benefit analysis was undertaken before the inclusion of the synchronous condensers in the South West RNIP scope. While their costs were not included in the assessment, the analysis already captures the benefits associated with enabling the full 2.5 GW of intended network transfer capacity and approximately 3.56 GW of renewable generation and storage capacity supported by the South West RNIP. The synchronous condensers support the realisation of these benefits by reducing the risk that system strength constraints could limit renewable generation output. Given the magnitude of the positive net benefits identified by the assessment, inclusion of synchronous condensers cost would still be expected to result in a significantly positive net benefit overall.

EnergyCo's assessment found that the expected consumer benefits outweigh the project's costs, supporting the conclusion that the South West RNIP will place downward pressure on electricity costs for NSW consumers over the long term.

Reducing timing and coordination risks of South West REZ network infrastructure

The South West RNIP provides a coordinated pathway for delivering the network infrastructure required to support the South West REZ in a timely manner, compared with progressing the individual project components through separate regulatory and delivery processes.

The South West RNIP brings together transmission, connection and system strength infrastructure into a single coordinated delivery program. This approach supports more efficient planning, procurement and construction activities, while reducing the risk of delays, duplicated activities and inefficient project sequencing that can arise when related infrastructure is delivered by different parties.

Delivering the South West RNIP under the EII Act also enables earlier progression of critical procurement activities, including long-lead equipment such as transformers and synchronous condensers, helping to reduce the risk of delays and additional costs associated with manufacturing lead times and global supply chain constraints.

Improving confidence in network timing delivery and enabling renewable generation and storage

Renewable generation and storage projects require confidence that the network infrastructure needed to connect and export energy will be available when projects are ready to commence operation. Access rights holders have advised EnergyCo that certainty around network delivery timing is an important consideration for financing and final investment decisions.

By providing greater certainty that key network infrastructure will be available by the end of 2029, the South West RNIP supports access rights holders to progress project development in line with their target delivery timeframes. In particular, the Dinawan switchyard expansion and system strength infrastructure are required to support connection of key access rights projects and reduce exposure to network constraints and curtailment risks. Delivering this new generation capacity on time is central to keeping downward pressure on NSW energy prices, delivering benefits to NSW energy customers and supporting the implementation of the Roadmap.

Supporting reliability and system security

The South West RNIP will support the reliable and secure operation of the electricity system as increasing volumes of renewable generation connect within the South West REZ. The South West RNIP has been designed to operate safely and reliably within the requirements of the NER and Transgrid's obligations as the NSW transmission network service provider. The project enables increased power transfers from the South West REZ by augmenting and uprating existing network assets, while maintaining compliance with system security standards.

The South West RNIP, through the synchronous condensers at Dinawan, provides system strength services to support secure operation of the NSW power system. In addition, the South West RNIP has been configured to integrate with the existing NSW transmission network in a manner that preserves system security during both construction and operation.

Creating benefits for regional communities

The South West RNIP supports local community confidence by enabling coordinated and efficient delivery of infrastructure within the South West REZ. A coordinated delivery approach reduces disruption associated with multiple unsequenced works. In addition, EnergyCo's oversight as the Infrastructure Planner will support improved outcomes for communities, including through its established coordination forums with access rights holders and Transgrid, and the delivery of community benefit initiatives. This includes the South West REZ Community and Employment

Benefit Program (CEBP), with an initial \$60 million in funding announced to support local employment, skills development and community initiatives.¹⁶

The CEBP will deliver long-term, legacy benefits for local communities. This includes new investment and funding for local projects, as well as programs to support small business development, training and local employment opportunities. Future programs and events will be announced from late 2026.

Further, the South West REZ is forecast to support an average of about 1,690 direct jobs per year in the local area during construction and hundreds of ongoing jobs from 2031.

Commitment to First Nations outcomes

The South West RNIP supports positive outcomes for the local community by enabling coordinated and efficient delivery of infrastructure within the South West REZ. EnergyCo's approach focuses on building respectful relationships, supporting informed participation and working collaboratively with Aboriginal communities to identify opportunities connected to the renewable energy transition.

Over the past two years, EnergyCo has worked with Aboriginal communities, Aboriginal Community Controlled Organisations and Local Aboriginal Land Councils across the region through targeted engagement activities, capability-building initiatives and participation-focused programs. This has included facilitating discussions on workforce participation, procurement opportunities and long-term economic outcomes associated with renewable energy development.

Engagement activities across the South West REZ are guided by the First Nations Consultation Guidelines established under the EII Act and the NSW Aboriginal Procurement Policy. These frameworks support culturally appropriate engagement and consideration of Aboriginal participation and outcomes throughout planning and delivery activities.

¹⁶ NSW Government (2026), [South West Renewable Energy Zone unlocks an initial \\$60 million in community benefits](#) | NSW Government

Next steps

The Consumer Trustee will authorise the South West RNIP if it is satisfied that the project is in the long-term financial interests of NSW electricity customers and meets other requirements under the EII Act and *Electricity Infrastructure Investment Regulation 2021* (EII Regulation).

If authorised:

- The Infrastructure Planner will appoint a Network Operator for the South West RNIP in accordance with the EII Act.¹⁷
- The Network Operator will submit a revenue proposal to the AER for the South West RNIP. The AER is required to determine within six months following the revenue submission the amount that is recoverable from NSW electricity customers in accordance with its Transmission Efficiency Test and revenue determination guideline for non-contestable network infrastructure projects.
- The South West RNIP will be delivered in accordance with a Project Deed between EnergyCo and the Network Operator. EnergyCo has recommended that the authorisation expire on the earlier of:
 - 31 December 2027, if the Project Deed has not been executed by both parties by that date, or
 - the expiry or termination of the Project Deed.¹⁸

¹⁷ EII Act 2020, Section 31A

¹⁸ Consistent with the EII Regulation (2021), clause 44 (e)