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Media Release

Access rights in two Renewable Energy Zones give certainty to investors and communities

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Solar, wind and battery projects in two NSW Renewable Energy Zones will be given new opportunities to connect to the energy grid, under access schemes being opened by the NSW Government.

Access rights give greater certainty to investors and energy projects and will help coordinate and accelerate the delivery of the renewable energy needed to power NSW. They give confidence to investors and host communities by setting a limit on the amount of electricity generation and number of storage projects which can connect to network infrastructure in Renewable Energy Zones.

In a first for NSW, applications for access rights have now opened for the Central-West Orana Renewable Energy Zone near Dubbo. The Energy Corporation of NSW (EnergyCo) will allocate initial rights, to get new renewable energy to households and businesses faster.

The NSW Government has also declared an access scheme for the South West Renewable Energy Zone near Hay. Projects will be able to bid for access rights as part of a tender run by AEMO Services commencing in Q2 2024.

Solar, wind and battery projects which gain access rights will pay a fee, and a portion will go towards providing community and employment benefits in these two Renewable Energy Zones.

To fast-track these benefits, the Government has previously announced an initial \$128 million in community benefits over four years for the Central-West Orana Renewable Energy Zone, to ensure benefits flow before construction of new transmission and renewable generation projects commence. Community benefits for other zones, including South West, will be established soon.

Attributable to Minister for Climate Change and Energy Penny Sharpe:

“This is another important step in delivering the Renewable Energy Zones that will power NSW into the future. It’s the first-time access rights are being offered in NSW Renewable Energy Zones, marking a significant milestone for the Electricity Infrastructure Roadmap.

“Access schemes for the Central-West Orana and South West Renewable Energy Zones will ensure we make the best use of new transmission lines, to reduce bills for energy consumers, improve planning outcomes for host communities and deliver new local, secure jobs.

“Directing part of the access fee back into host communities will ensure residents and businesses see tangible benefits well into the future, in addition to low-cost power and a more diversified economy.”

Background information:

What is a Renewable Energy Zone?

Renewable Energy Zones (REZs) are the equivalent of modern-day power stations. They combine new renewable energy projects (such as solar and wind farms), storage (such as batteries and pumped hydro) and high-voltage transmission lines to connect REZs to the electricity grid.

NSW has five declared REZs: Central-West Orana, South West, Hunter-Central Coast, New England and Illawarra. These areas have some of the best renewable energy resources in the state.

What are access rights?

The NSW Government is delivering new transmission infrastructure to connect REZs to the grid and transport electricity to where it's needed. This is necessary because the best locations for renewable energy projects are different to where our existing coal-fired power stations are located and we need more capacity to transmit energy around the state.

To manage the process of connecting renewable energy and storage projects to this new transmission infrastructure, the NSW Roadmap includes processes to award projects a right to connect to the new network. This is aimed at ensuring the right combination of projects can connect in a way that minimises costs for NSW electricity consumers.

What steps has the Government taken to expedite the allocation of access rights?

Following the Electricity Supply and Reliability Check Up in September 2023, the NSW Government streamlined the process for allocating access rights to new renewable energy projects in the Central-West Orana REZ.

Changes were made to the regulations under the Electricity Infrastructure Investment Act to clarify the responsibilities of EnergyCo and the Consumer Trustee, AEMO Services and enable the establishment of alternative processes for projects to apply for access rights.

Minister Sharpe has also made it a priority of her Department and EnergyCo to declare the access scheme for the South West REZ ahead of AEMO Services' Q2 2024 tender to enable project in that REZ to participate.

How will NSW households and businesses benefit?

By connecting multiple renewable energy projects and electricity storage, REZs capitalise on economies of scale to deliver cheap, reliable, and clean electricity for NSW homes and businesses.

How will communities benefit?

Access schemes limit the number of renewable energy projects that can connect to the new transmission infrastructure that is being delivered in REZs. This gives communities visibility over the number of projects that will be able to be built in their region.

Community benefit programs will be established and funded through access fees paid by projects that connect to the grid in a REZ. The programs will ensure host communities see tangible benefits of the energy transition, including infrastructure and social initiatives in line with local priorities.

How will renewable energy and storage developers benefit?

Access schemes provide renewable energy projects (like solar and wind farms) and storage projects (like batteries and pumped hydro) with the ability to connect to new transmission infrastructure and supply their electricity into the market.

The existing transmission lines in NSW are either in the wrong locations or don't have enough capacity to take more energy. Gaining certainty about access to the grid will support these projects to progress to financial close and construction.

Access schemes also limit the number of projects that connect in a REZ, meaning projects have greater certainty about how much electricity they'll be able to supply to the market.

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