

Environment and Communications
Answers to questions on notice
Climate Change, Energy, the Environment and Water Portfolio

Question No: SQ23-001647
Hearing: Supplementary Budget Estimates
Outcome: Outcome 1
Division/Agency: Electricity Division
Topic: Rewiring the Nation
Question Date: 03 November 2023
Question Type: Written

Senator Hughes asked:

1. How much of Labor's promised \$20 billion has been spent or committed to;
 - (a) Rewiring the Nation?
 - (b) On the Household Energy Upgrades Fund.
4. Are you saying then, that these transmission projects can just continue to spiral out of control and the government will continue investing in them?
5. What about the cost of living crisis we are now living through? This will only make things worse and more expensive for people right?
6. Can you update us on the status of the Rewiring the Nation project?
7. When is the completion date expected for?
8. How many kilometres of transmission lines have been installed?
9. How many kilometres remain?
10. Has there been resistance from communities?
11. What were their concerns?
12. How were these concerns alleviated, if they were in fact alleviated?

Answer:

1.
 - (a) The \$20 billion appropriated for to the Rewiring the Nation program (RtN) includes: \$19 billion for the Clean Energy Finance Corporation (CEFC)'s Rewiring the Nation fund and \$1 billion for the Rewiring the Nation Special Account, administered by the Department of Climate Change, Energy, the Environment and Water.

The Australian Government has announced Rewiring the Nation agreements with New South Wales, Western Australia, Victoria and Tasmania. Projects identified for support within these states, which include Marinus Link, VNI West, Victorian Renewable Energy Zones and projects in NSW, will now undergo due diligence and further assessment by the the CEFC, whose independent board will make the final decision on the timing and quantum of funds to be committed.

On 17 October 2023, the Clean Energy Finance Corporation CEFC confirmed it had made its first investment, committing \$100 million to the New South Wales (NSW) Scheme Financial Vehicle (SFV). This investment will support the delivery of substantial clean energy projects in NSW as part of the NSW Electricity Infrastructure Roadmap.

In addition, the department has underwritten the procurement of long lead items for Humelink and the Victoria-New South Wales Interconnector West - NSW section (\$385m) and Marinus Link (up to \$76.5m).

- (b) Nil. The \$20 billion appropriated for Rewiring the Nation will not be used for the Household Energy Upgrades Fund.

2. RtN is intended to reduce the funding costs of building the required grid electricity infrastructure needed to ensure a reliable and secure electricity system consistent with AEMO advice or similar analysis in non-National Electricity Market jurisdictions. CEFC or RtN Special Account capital will be co-invested with private and public sector proponents. Concessional finance arrangements may be made on a case-by-case basis. It is important Australia moves swiftly to modernise the grid and related infrastructure in order to ensure that replacement firmed generation and storage is in place when ageing and increasingly unreliable coal plants retire. Clean, dispatchable renewable energy is the lowest cost replacement for retiring capacity and will put downward pressure on prices. It will also support Australia to reach its nationally determined contribution to global emissions reduction targets. Regulated projects eligible for RtN funds will still be required to pass the required regulatory approvals process to finish construction. Transmission network service providers are regulated by the Australian Energy Regulator under the National Electricity Law and National Electricity Rules, and by relevant jurisdictional authorities under state and territory rules. The national framework has the objective of promoting efficient investment in, and efficient operation and use of, electricity services for the long term interests of electricity consumers. Under this regulatory framework, networks are incentivised to seek efficiency and service improvements whilst meeting required standards, such as those relating to reliability, security and safety. The department is initiating changes to the rules to enable timely delivery of transmission projects, ensure the benefits of RtN concessional finance can be passed through to consumers to deliver necessary projects at lowest cost, and enhance community engagement.
3. RtN will facilitate lower total project costs, and therefore lower costs for consumers. It can also reduce unnecessary delays for major projects, helping to avoid electricity shortfalls should coal-fired plants close earlier than expected. RtN will also put downwards pressure on wholesale power prices by enabling greater interstate electricity flows, and increasing the availability of lower cost renewable generation and storage to Australians.
4. Please see response to 1a.
5. Please note that Rewiring the Nation is not a single project but a program that provides finance for separate projects around the country, each with separate construction schedules.
6. No Rewiring the Nation projects have yet completed construction.
7. The estimate of additional transmission lines needed by 2050 is drawn from the Australian Energy Market Operator's 2022 Integrated System Plan (ISP). The ISP considers the optimal combination of investment in transmission, generation and storage needed over the period to 2050 to maintain a reliable energy supply. Under the "Step Change" scenario, which is considered the most likely future scenario, around 10,000km of additional transmission lines will be required by 2050, with around 3,000km needed by 2030.
8. – 10. Rewiring the Nation transmission projects are at various stages of planning and delivery. Each project is unique and faces unique delivery challenges. Individual transmission network service providers are generally responsible for the detailed design and delivery of RtN-financed transmission projects, including the process of communicating with communities about project planning. We are aware that, as project planning and delivery processes proceed, communities often question decisions around route selection, land use, compensation and the broader sharing of benefits with communities.

To better understand and respond to concerns and to improve social licence practices, a number of initiatives are underway.

- a. The Australian Energy Infrastructure Commissioner is conducting a review to enhance community support and ensure that electricity transmission and renewable energy developments deliver for communities, landholders and traditional owners. A final report was delivered to the Minister in December 2023.
- b. The department is developing national guidelines to assist transmission developers to conduct community engagement and community benefit sharing according to better (best) practice principles. The guidelines and associated toolkit will be available in the first half of 2024, and will be promoted to transmission businesses and communities via a strategic communications plan.
- c. A new electricity rule to enhance transmission network service providers' engagement with communities was finalised by the Australian Energy Market Commission in the November 2023.
- d. A Directions Paper on social licence for electricity transmission projects was published by the Australian Energy Regulator in October 2023.