



# APA submission

## NSW REZ draft supporting guidelines

*August 2023*





Kami Kaur  
Acting General Manager, NSW REZ Branch  
Australian Energy Regulator

**Lodged via email: REZ@aer.gov.au**

24 August 2023

**RE: APA Submission to the draft NSW REZ supporting guidelines**

Dear Ms Kaur,

Thank you for the opportunity to comment on the AER's draft NSW Renewable Energy Zones (REZ) supporting guidelines and guidance note that support the AER's role under the *Electricity Infrastructure Investment Act (NSW)* (EII Act).

APA is an ASX listed owner, operator, and developer of energy infrastructure assets across Australia. As well as an extensive network of natural gas pipelines, we own or have interests in gas storage and generation facilities, electricity transmission networks, and 681 MW of renewable generation infrastructure.

This submission leverages our experience as the operator of Directlink and Murraylink which are both registered as Transmission Network Service Providers (TNSPs) in the National Electricity Market. We are very familiar with the AER's existing National Electricity Rules (NER) guidelines (such as the NER Cost Allocation Guideline and NER Ring-Fencing Guideline) that sit along-side the AER's draft NSW REZ supporting guidelines and guidance note.

Our comments are focused on the AER's draft *Legal and Functional Separation Guideline – Electricity Infrastructure Investment Act* (Draft Guideline). We recognise that preventing cross subsidies and discriminatory behaviour is important to support competition. APA's participation in the Central West Orana REZ tender process demonstrates our support for competition in energy markets.

We would like to raise two issues in relation to the Draft Guideline:

1. **Staff separation** – subclauses (c) and (d) of section 2.2 of the Draft Guideline require staff involved in planning for network activities in consultation with the Infrastructure Planner (EnergyCo) to:
  - not be involved in preparing responses or submissions to contestable procurement processes, and



- be physically separate from staff involved in preparing responses or submissions to contestable processes.

We recognise the risk that these clauses are intended to address, however the phrase 'planning for network activities in consultation with the Infrastructure Planner' is very broad. For example, while the provision of engineering advice to EnergyCo could be caught by these clauses, if the advice is general in nature and not linked to a particular project, that staff member should be able to participate in contestable processes.

2. **Separate accounts** – clause 3.2 of the Draft Guideline requires a Network Operator to establish and maintain appropriate internal accounting procedures to ensure that it can demonstrate the extent and nature of transactions between the Network Operator and its *related entities* (emphasis added). This contrasts with clause 3.2 of the NER electricity transmission ring-fencing guideline which refers to transactions between the TNSP and its *affiliated entities*. The term 'affiliated entities' is a defined term in that guideline, while 'related entities' is not defined in the Draft Guideline. To ensure consistency of approach, it may be appropriate for the Draft Guideline to adopt similar wording to the NER guideline.

We hope these comments are of assistance. If you have any questions or queries regarding our submission, please contact John Skinner on [REDACTED] or

[REDACTED].

Regards,

[REDACTED]

**Beth Griggs**  
**General Manager Economic Regulation and External Policy**  
**APA Group**