



Government Gazette

of the State of

New South Wales

Number 473–Electricity and Water

Friday, 14 October 2022

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PRIORITY TRANSMISSION INFRASTRUCTURE PROJECT DIRECTION (WARATAH SUPER BATTERY PROJECT) ORDER 2022

Under the

Electricity Infrastructure Investment Act 2020

I, Matthew Kean MP, Minister for Energy, being satisfied that the direction given by this Order is in the public interest, is consistent with the objects of the Act and is an appropriate response to a target breach identified in an energy security target monitor report, and having undertaken all consultation and considered all matters required by Part 5 Division 2 of the Act, make the following Order under section 32(1)(b) of the Act.

Dated this 13th day of October 2022

Matt Kean

Matthew Kean MP

Minister for Energy

Explanatory note

The object of this Order is to direct a network operator to carry out a priority transmission infrastructure project in accordance with this Order.

PRIORITY TRANSMISSION INFRASTRUCTURE PROJECT DIRECTION (WARATAH SUPER BATTERY PROJECT) ORDER 2022

1 Name of Order

This Order is the *Priority Transmission Infrastructure Project Direction (Waratah Super Battery Project) Order 2022*.

2 Commencement Date

This Order commences on the date that it is published in the Gazette.

3 Definitions

Unless otherwise defined in this Order, words and phrases defined in the Act have the same meaning in this Order.

Act means the *Electricity Infrastructure Investment Act 2020*.

ISP means the Integrated System Plan published by AEMO under the National Electricity Rules.

Transgrid means NSW Electricity Networks Operations Pty Ltd (ACN 609 169 959) as trustee for NSW Electricity Networks Operations Trust (ABN 70 250 995 390).

Transgrid WSB Delivery Plan means the Transgrid WSB Delivery Plan developed with the agreement of Transgrid following extensive consultation between the WSB Infrastructure Planner and Transgrid, as set out at Schedule 2 of this Order.

Waratah Super Battery Project means the priority transmission infrastructure project specified in Schedule 1, clause 1 of this Order.

WSB Infrastructure Planner means Energy Corporation in its capacity as the appointed infrastructure planner for the Waratah Super Battery Project.

4 Direction to carry out Waratah Super Battery Project

Pursuant to section 32(1)(b) of the Act I, Matthew Kean MP, Minister for Energy, hereby direct Transgrid as the network operator to carry out the Waratah Super Battery Project in accordance with this Order.

This Order is made following, inter alia:

- (a) careful consideration of the assessment and recommendations made by the WSB Infrastructure Planner;
- (b) consultations with Transgrid in its capacity as network operator and transmission network service provider, pursuant to sections 32(3) and 34(1)(d) of the Act respectively; and
- (c) consultations between Transgrid and the WSB Infrastructure Planner.

5 Waratah Super Battery Project completion date for the planning, design and construction stages

Transgrid must, taking all reasonable steps, complete the planning, design and construction stages of the Waratah Super Battery Project by the relevant dates specified in the Transgrid WSB Delivery Plan.

6 Conditions and specifications

Transgrid must carry out the Waratah Super Battery Project in accordance with this Order, including:

- (a) the specifications set out at Schedule 1 of this Order,
- (b) the Transgrid WSB Delivery Plan, and
- (c) the conditions set out at Schedule 3 of this Order.

7 Grounds on which the giving of this direction is consistent with the objects of the Act

I am satisfied that giving this direction is consistent with the objects of the Act on the following grounds:

- (a) The Waratah Super Battery Project was identified as an actionable NSW transmission infrastructure project (comprising the northern part of the ‘Sydney Ring’ project) within the 2022 ISP. Accordingly, the Waratah Super Battery Project is considered a priority transmission infrastructure project for the purposes of the Act.
- (b) The successful on-time delivery of the Waratah Super Battery Project is critical to the affordability, reliability, security and sustainability of electricity supply in NSW, given the planned closure of Eraring Power Station in 2025.
- (c) Transgrid operates an existing transmission network, of which the Waratah Super Battery Project will be an integral part, once operational.
- (d) By giving a direction to Transgrid, I am enabling delivery of the Waratah Super Battery Project within the required timeline, to ensure ongoing security of supply to NSW electricity customers.
- (e) The direction contains conditions, including a requirement to enter into the types of contractual arrangements set out in Schedule 1 to this Order. Those contractual arrangements shall in turn reflect the objects of the Act including addressing requirements for community engagement (including engagement with local communities and traditional Aboriginal owners), training and industry skills development and opportunities for Aboriginal and Torres Strait Islander employment and income, and ensuring benefits are made available to NSW electricity customers.
- (f) The WSB Infrastructure Planner has carried out a competitive procurement process to select a service provider for the SIPS Service (as defined in Schedule 1 to this Order). The WSB Infrastructure Planner will carry out a competitive procurement process from time to time to select a provider or providers for the Paired Generation Services (as defined in Schedule 1 to this Order).

- (g) This direction is made following careful consideration of the assessment and recommendations made by the WSB Infrastructure Planner.
- (h) The direction ensures that the delivery of the Waratah Super Battery Project is supported by the statutory enforcement regime in section 35 of the Act, providing more certainty over the timetable.
- (i) An authorisation under section 36(2) of the Act would not deliver the same certainty. Transgrid is supportive of the direction framework for delivery of the Waratah Super Battery Project as a priority transmission infrastructure project under the Act.
- (j) The Act contains considerable safeguards, both for Transgrid and others to ensure that this direction takes account of relevant factors and interests.
- (k) I have considered all other timely options, such as supporting the two year option for partial life extension with uncapped risk offered by the owner of Eraring Power Station and do not consider that such option represents the same value for money nor achieves the same extent or duration of benefits for security and reliability. It is not practical or feasible to competitively seek another network operator for the Waratah Super Battery Project, given the time imperatives and extent of integration of the Waratah Super Battery Project within the existing Transgrid network.
- (l) For completeness (and without limiting any of the above), I am satisfied that giving the direction:
 - a. creates the optimum framework to ensure efficient on time delivery of the Waratah Super Battery Project – this is consistent, inter alia, with the objects in section 3(1)(a), (b), (c), (d), (e), (f), (h) and (i), and section 3(2)(a) of the Act;
 - b. reflects a co-ordinated investment in new generation, storage, network and related infrastructure, in that delivery of the Waratah Super Battery Project is contemplated by the Electricity Infrastructure Roadmap and the 2022 ISP – this is consistent, inter alia, with the objects in section 3(1)(a) and (b) of the Act;
 - c. optimises the use of existing infrastructure (including transmission infrastructure and the Munmorah Site (as defined in Schedule 1, clause 1(b) to this Order) – this is consistent, inter alia, with the objects in section 3(1)(a), (b), (c) and (d) of the Act;
 - d. creates an effective framework and conditions, consistent with the other objects of the Act, to maximise opportunities for employment and income for Aboriginal and Torres Strait Islander people as well as to meet objectives for employment, local industry, education and training – this is consistent, inter alia, with the objects in section 3(1)(d), (e), (f), (g) and (h) and section 3(2)(a) of the Act; and
 - e. creates an effective framework and conditions for ongoing consultation and engagement with traditional Aboriginal owners of the land on which the Waratah Super Battery Project is to be constructed – this is consistent, inter alia, with the objects in section 3(1)(d) and 1(f), and sections 3(2)(a) and 3(2)(b) of the Act.

Schedule 1 - Waratah Super Battery Project specifications

In accordance with section 32(2) of the Act, this Schedule 1 sets out the following specifications in respect of the Waratah Super Battery Project to be carried out by Transgrid.

In this Schedule 1, the following definitions apply:

Contestable Elements means the following contestable elements of the Waratah Super Battery Project:

- (a) the procurement and administration of the SIPS Service; and
- (b) the procurement and administration of the Paired Generation Services,

in each case to be set out in detail in the contractual arrangements described in this Schedule.

Network Augmentations means the network augmentations described in the Transgrid WSB Delivery Plan, to be set out in detail in the contractual arrangements described in this Schedule.

Non-Contestable Elements means the SIPS Control and the Network Augmentations to be carried out by Transgrid and set out in detail in the contractual arrangements described in this Schedule.

Paired Generation Provider means persons selected by the WSB Infrastructure Planner pursuant to a competitive procurement process to provide Paired Generation Services, from time to time.

Paired Generation Services means participation in a control scheme whereby, among other elements relating to the discharge of the battery energy storage system facility, the paired generation facility automatically responds to an external signal received from Transgrid to undertake certain activities, to be set out in detail in the contractual arrangements described in this Schedule.

Scheme Financial Vehicle means Scheme Financial Vehicle Pty Ltd, ACN 662 496 479 established under section 62 of the Act.

SIPS means system integrity protection scheme.

SIPS Control means the SIPS control described in the Transgrid WSB Delivery Plan, to be set out in detail in the contractual arrangements described in this Schedule.

SIPS Service means a SIPS service capable of delivering guaranteed power and storage capacity to increase transmission capacity for generation in regional NSW to supply the Sydney/Newcastle/Wollongong region, to be set out in detail in the contractual arrangements described in this Schedule.

SIPS Service Provider means the person selected by the WSB Infrastructure Planner pursuant to a competitive procurement process to provide the SIPS Service.

1 Location and description

- (a) The Waratah Super Battery Project means the priority transmission infrastructure project that comprises:
 - i. the Contestable Elements; and
 - ii. the Non-Contestable Elements.
- (b) The Waratah Super Battery Project includes the construction by the SIPS Service Provider of a battery energy storage system located at the former Munmorah Power Station site at 301 Scenic Drive Colongra within the Central Coast local government area (**Munmorah Site**) that is capable of providing a guaranteed continuous active power capacity of at least 700 MW and a guaranteed useable energy storage capacity of at least 1400 MWh for the purposes of providing the SIPS Service to Transgrid.

2 Staging and sequencing of the planning, design and construction of the infrastructure project

In carrying out the Waratah Super Battery Project, Transgrid must comply with the Transgrid WSB Delivery Plan in accordance with the contractual arrangements detailed in clause 3 of this Schedule 1.

3 Contractual arrangements Transgrid is required to enter into to carry out the Waratah Super Battery Project, including requirements for development and construction of the infrastructure project

Transgrid is required to enter into contractual arrangements to carry out the Waratah Super Battery Project (including the development and construction of the infrastructure project), including the types of contractual arrangements set out below:

- (a) A ‘network operator deed’ setting out certain rights and responsibilities of the WSB Infrastructure Planner and Transgrid in respect of the carrying out of the Waratah Super Battery Project (**Network Operator Deed**).
- (b) A ‘Paired Generation Services agreement binding term sheet(s)’ setting out the terms on which the Paired Generation Provider will provide the Paired Generation Services (**Paired Generation Services Agreement Binding Term Sheet(s)**).
- (c) A ‘SIPS Service agreement’ to procure the SIPS Service from the SIPS Service Provider (**SIPS Service Agreement**).
- (d) A ‘Paired Generation Services agreement’ with each Paired Generation Provider, to procure Paired Generation Services from each Paired Generation Provider, reflecting the terms agreed in the Paired Generation Services Agreement Binding Term Sheet(s) (**Paired Generation Services Agreement(s)**).
- (e) A Paired Generation Services Agreement with any additional Paired Generation Provider(s) selected and notified by the WSB Infrastructure Planner from time to time during the term of the Network Operator Deed.
- (f) A ‘payment deed(s)’ to facilitate the payment to Transgrid by the Scheme Financial Vehicle in accordance with the Act, in respect of the SIPS Service and Paired Generation Services (**Payment Deed(s)**).

Schedule 2 – Transgrid WSB Delivery Plan

Transgrid Delivery Milestone*	Milestone Date^
1 Transgrid to lodge contestable regulatory determination application with the Regulator[#]	Within 1 business day after the date on which the network operator enters into the Network Operator Deed referred to in paragraph 3(a) of Schedule 1 to this Order
2 Transgrid to lodge non-contestable regulatory determination application with the Regulator[#]	31 March 2023
3 Transgrid to deliver SIPS Control <i>Includes delivery, testing and full implementation of the SIPS Control.</i>	Later of 1 November 2024 and the date on which the SIPS Service Provider must commence providing the interim SIPS Service pursuant to the SIPS Service Agreement referred to in paragraph 3(c) of Schedule 1 to this Order
4A Transgrid to complete first portion of Network Augmentation <i>Includes design and delivery of the below Network Augmentation works being:</i> <i>Transmission line works associated with:</i> <ul style="list-style-type: none"> • <i>Line 39 Bannaby to Sydney West</i> <i>Substation works associated with:</i> <ul style="list-style-type: none"> • <i>Line 81 Liddell to Newcastle</i> • <i>Line 82 Liddell to Tomago</i> • <i>Line 83 Liddell to Muswellbrook</i> • <i>Line 84 Liddell to Tamworth</i> • <i>Line 85 Armidale to Tamworth</i> • <i>Line 86 Armidale to Tamworth</i> • <i>Line 88 Tamworth to Muswellbrook</i> • <i>Line 8C Dumaresq to Armidale</i> 	Later of 1 November 2024 and the date on which the SIPS Service Provider must commence providing the interim SIPS Service pursuant to the SIPS Service Agreement referred to in paragraph 3(c) of Schedule 1 to this Order

Transgrid Delivery Milestone*	Milestone Date^
<ul style="list-style-type: none"> • Line 8E Sapphire to Armidale • Line 8J Dumaresq to Sapphire <p>Confirmation that all other Network Augmentation works are proceeding in accordance with committed timeframe / plans.</p>	
<p>4B Transgrid to complete all Network Augmentation</p> <p>Includes design and delivery of all Network Augmentation works.</p>	1 August 2025

* Further detail in respect of ‘Transgrid Delivery Milestones’ to be set out within the contractual arrangements specified in Schedule 1, clause 3 of this Order.

^ Unless otherwise amended in accordance with the Network Operator Deed referred to in paragraph 3(a) of Schedule 1 to this Order.

Regulator means the regulator appointed for the purposes of Part 5 of the Act, which at the date of this Order is the Australian Energy Regulator.

Schedule 3 – Conditions of direction

1 First Nations Guidelines

Pursuant to section 4(3) of the Act, Transgrid must, in carrying out the Waratah Super Battery Project, comply with the following conditions:

- (a) prepare and implement a First Nations Participation Plan (**FNPP**); and
- (b) report to the WSB Infrastructure Planner on Transgrid's progress against the commitments made in the FNPP,

in accordance with the guidelines issued by the Minister under section 4(1) of the Act and the relevant obligations set out in the contractual arrangements detailed in Schedule 1, clause 3 to this Order.

2 Renewable Energy Sector Board Plan

Pursuant to section 9(2) of the Act, Transgrid must, in carrying out the Waratah Super Battery Project, comply with the following conditions:

- (a) prepare and implement an Australian Industry Participation Plan (**AIPP**) with supplementary details addressing the matters relevant to an Industry Participation Plan for the Waratah Super Battery Project (**IPP**) and not otherwise covered in the AIPP (including preparation and implementation of the FNPP); and
- (b) report to the WSB Infrastructure Planner on Transgrid's progress against the commitments made in the AIPP and relevant supplementary information,

consistent with the Renewable Energy Sector Board Plan (**RESB Plan**) approved by the Minister under section 8(3) of the Act and in accordance with the relevant obligations set out in the contractual arrangements detailed in Schedule 1, clause 3 to this Order.