



12 February 2020

Dr Kerry Schott
Independent Chair
Energy Security Board

Lodged via email to info@esb.org.au

Dear Dr Schott,

Response to Consultation Paper on Interim REZ Framework

On behalf of Energy Estate Pty Limited (EE) and RES Australia Pty Limited (RES), we write to support the development of a framework that will promote the development of Renewable Energy Zones.

Central Queensland Power (also known as CQP) is a proposed large-scale renewable energy generation and electricity grid opportunity in the early stage of development in and around Gladstone. Our shared vision in establishing CQP is to accelerate the energy transition of heavy industry and the community in Central Queensland, consistent with a 'Just Transition', thereby helping to secure the future of Gladstone and the region more broadly as a key part of Australia's energy and heavy industry future.

Having developed large scale renewable energy projects in Queensland, RES (72MW Emerald and 180MW Rolleston solar farms and 189MW Dulacca wind farm) and Energy Estate (300MW Rodds Bay solar farm through its affiliate Renew Estate) are now in the process of accelerating the development of an integrated ~2GW of wind, solar and energy storage projects in the Fitzroy Renewable Energy Zone, to be rolled out over a 10 year horizon with an estimated combined value of investments to be upwards of \$2B.

CQP welcomes the opportunity to provide input to the Energy Security Board's (ESB's) Consultation paper on the interim REZ framework. We support the establishment of an interim REZ framework and believe it will help facilitate efficient use of resources and infrastructure while addressing the needs of consumers and generators. In our view, this framework is an essential reform that is required to simplify the delivery of complex renewable generation projects as follows:

- 1. Coordinated Process to establish the REZ.**

It is our opinion that the ESB's proposal for a localised interim coordinated process to align generators and network investments will improve investor confidence. However, the framework aims to alleviate the challenges within a REZ, and generators will still be exposed to the risks introduced by the wider NEM. For example, the development of the Fitzroy REZ in Central Queensland might be limited by transient stability constraints between Central

and Southern Queensland. The impact of these constraints on Fitzroy REZ projects could be mitigated by the introduction of additional load or retirement of thermal generation. On the other hand, these constraints would be exacerbated by the connection of new projects in other REZs located in North Queensland.

A specialist government entity constituting of community, regulatory and service provider representatives that appreciates the complexities and challenges identified by the ESB will be best placed to coordinate the development of a REZ.

2. **Options for access within a REZ.**

CQP notes that the financial access protection model can improve investor confidence without placing an unnecessary barrier to entry on future generation projects. However, we hold some concerns that the compensation of generators for lost energy production may not meet the zero-carbon requirements of their offtakers unless careful consideration is given.

Under the financial access protection model, generators without access rights that were dispatched in the presence of congestion would receive zero payment for any generation. It is our view that compensation should accurately reflect the market revenue that the curtailed generators would have received at the time. Therefore, a generator's availability alone may not accurately quantify the generation lost and additional factors such as generation forecast based on the available resources should also be taken into consideration.

CQP notes that the establishment of the REZ framework in isolation will not resolve the identified challenges. Integrated system planning will be important to ensure that power can be efficiently transmitted from REZs to major load areas without significant transmission constraints.

CQP welcomes the opportunity to respond to the questions posed by the ESB's consultation paper on the interim REZ framework and do so by referring to the responses made in RES Australia's submission.

Thank you for the opportunity to provide feedback on the draft determination we are encouraged by this process and will be following the progress. For further discussion on the feedback provided in our submission, please reach out to Duan Serfontein (duan.serfontein@res-group.com) or myself at martin.hemphill@res-group.com.

Yours sincerely,



Martin Hemphill
Manager – Grid Connections
martin.hemphill@res-group.com