

NSW Government Response to Recommendations from September 2023 to March 2024 Parliamentary Inquiry into the Feasibility of Undergrounding the Transmission Infrastructure for Renewable Energy Projects

On 13 September 2023, a Select Committee of the NSW Legislative Council was established to conduct a second inquiry into the feasibility of undergrounding the transmission infrastructure for renewable energy projects.

All evidence from the previous State Development Committee-led inquiry on the same subject was referred to the Select Committee. The Select Committee also considered evidence gathered through 81 submissions, three supplementary submissions, and two public hearings in developing the [Select Committee Report No. 1](#) (the Report), which was published on 28 March 2024.

The report contains nine recommendations, which are the focus of this Government Response (see Table 1 below).

Table 1: NSW Government responses to recommendations in the March 2024 Undergrounding Inquiry Report

No.	Recommendations	Draft Response
1.	That the NSW Government consult with the AER to explore ways to incorporate broader environmental elements into RIT-T test, with the aim of shaping further changes to the National Energy Rules (NER) and associated regulatory tests. (p 18)	<p>Support – Work underway</p> <p>The importance of considering broader environmental impacts in the assessment of transmission infrastructure projects is recognised in the objectives of the Electricity Infrastructure Investment Act 2020 (EII Act), to improve the sustainability of electricity supply and foster local community support, as well as requiring “land use planning, environmental and heritage matters” to be considered prior to the declaration of Renewable Energy Zones (REZs) and Priority Transmission Infrastructure Projects (PTIP)s.</p> <p>The Australian Energy Market Commission (AEMC) made a final determination on the Enhancing community engagement in transmission building to change to the National Energy Rules (NER) to strengthen transmission network service providers’ (TNSP) obligations to engage with communities throughout the regulatory investment test for transmission (RIT-T) for Integrated System Plan (ISP) projects.</p> <p>The NSW Government will continue to work with key stakeholders, including the Australian Energy Regulator (AER), AEMC and other jurisdictions, to identify opportunities to further improve the national regulatory regime.</p>
2.	That the Department of Planning consider further amending the relevant guidelines to require early, genuine, and ongoing community engagement in the preparation of an environmental impact statement (EIS). (p 19)	<p>Support – Work underway</p> <p>The NSW Undertaking Engagement Guidelines for State Significant Projects issued by the Department of Planning, Housing and Infrastructure (DPHI) set out requirements for early, effective community engagement during the EIS process.</p> <p>The NSW Government is also finalising its draft Transmission Guideline which also includes clear</p>

		requirements for early, genuine and ongoing community engagement as part of the preparation of an EIS.
3.	That the NSW Government consider regulatory reform that will ensure a fairer share of the financial cost of electricity transmission infrastructure, so that it is not solely borne by the consumer. (p 49)	<p>Support – Work underway</p> <p>Implementation of the Electricity Infrastructure Investment Roadmap (the Roadmap) will ensure that ongoing, downward pressure is put on electricity costs for consumers. The NSW Government is progressing work to respond to the 2023 Electricity Supply and Reliability Check-Up recommendations, including reviewing the Roadmap cost recovery framework.</p>
4.	That the NSW Government work with the Commonwealth Government to ensure that electricity transmission providers develop climate adaptation plans for their energy infrastructure to ensure that the State's energy transmission networks are built with the resilience to withstand more frequent and extreme weather events. (p 50)	<p>Support</p> <p>Transgrid has an Asset Resilience and Climate Strategy (ARCS) in place which focuses on mitigating risk to network assets arising from climate change.</p> <p>The NSW Government will consult with the Commonwealth Government and key industry stakeholders to explore opportunities to improve resilience planning for key network infrastructure.</p> <p>All NSW network infrastructure projects are constructed in compliance with relevant Australian standards and industry best practice, including AS7000 'Overhead Line Design' which outlines the relevant environmental conditions transmission networks are required to withstand.</p> <p>Network resilience is factored into detailed design phases and is delivered by the appointed network operators.</p>
5.	That the NSW Government commission an independent assessment into the costs and benefits of undergrounding transmission infrastructure technology, the existing capacity of the domestic workforce and industry and the requirements for a domestic manufacturing industry. (p 50)	<p>Not supported</p> <p>Committees of the Legislative Council have already conducted two inquiries into the feasibility of undergrounding transmission lines and heard from a range of stakeholders on the associated costs and benefits.</p> <p>The Government will consider the feasibility of undergrounding transmission infrastructure on a project-by-project basis.</p>
6.	That the NSW Government work with Transgrid and EnergyCo to: (p 51) <ul style="list-style-type: none"> consider opportunities for a 'hybrid' approach for transmission infrastructure projects. explore ways to better support the use of undergrounded transmission, to address sensitivities wherever practicable. 	<p>Support – Work underway</p> <p>The feasibility of partially undergrounding transmission lines is considered on a project-by-project basis.</p>
7.	That, in order to improve community engagement practices and social licence around renewable energy transmission projects, EnergyCo look for ways to	<p>Support</p> <p>The NSW Government will consider how EnergyCo could enhance its relationship with the Energy Charter.</p>

	further enhance its relationship with the Energy Charter. (p 51)	
8.	That the NSW Government work with the Commonwealth Government to develop and implement a plan to ensure the community is genuinely engaged around transitioning our electricity infrastructure to renewable energy, including the costs, benefits and opportunities of new energy infrastructure required to achieve the Government’s net zero goals. (p 52)	<p>Support – Work underway</p> <p>The NSW Government is working closely with the Commonwealth and the other State and Territory Governments through the Energy and Climate Change Ministers’ National Energy Transformation Partnership on recommendations from the Community Engagement Review by Professor Andrew Dyer.</p>
9.	That the NSW Government ensure appropriate information about the need for infrastructure, and the costs and benefits of undergrounding compared to overheading, is made available to the public to support informed discourse on the topic. (p 52)	<p>Support</p> <p>The NSW Government will prepare information regarding undergrounding transmission infrastructure and publish this on the Department of Climate Change, Energy, the Environment and Water’s and/or EnergyCo’s website.</p>