

EnergyCo

energyco.nsw.gov.au



EnergyCo Annual Report

2023-2024



Acknowledgment of Country

We acknowledge that Aboriginal and Torres Strait Islander peoples are the First Peoples and Traditional Custodians of Australia and the oldest continuing culture in human history.

We pay respect to Elders past and present and commit to respecting the lands we walk on and the communities we walk with.

We celebrate the deep and enduring connection of Aboriginal and Torres Strait Islander peoples to Country and acknowledge their continuing custodianship of the land, seas and sky.

We acknowledge the ongoing stewardship of Aboriginal and Torres Strait Islander peoples and the important contribution they make to our communities and economies.

We reflect on the continuing impact of government policies and practices and recognise our responsibility to work together with, and for, Aboriginal and Torres Strait Islander peoples, families and communities, towards improved economic, social and cultural outcomes.

Letter to the Minister

The Hon. (Penny) Penelope Gail Sharpe MLC
Minister for Energy
52 Martin Place
SYDNEY NSW 2000

Dear Minister,

SUBMISSION OF ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024

On behalf of the Board of Energy Corporation of New South Wales (EnergyCo), I have the pleasure of submitting the EnergyCo Annual Report for the financial year ended 30 June 2024, in accordance with the *Government Sector Finance Act 2018*.

This document reports on the operations and performance of EnergyCo, together with the consolidated financial statements for the period 1 July 2023 to 30 June 2024.

A copy of this report is provided to you for presentation to the New South Wales Parliament.

Once tabled in Parliament, the report will be made available for public access on our website <https://www.energyco.nsw.gov.au/> and at the NSW Government's OpenGov NSW website: <http://www.opengov.nsw.gov.au/>.

Yours sincerely,



Paul Binsted

Chairperson

Energy Corporation of New South Wales

Glossary

Unless otherwise stated, terms in this Report have the following meanings:

Term	Meaning
AEMO	Australian Energy Market Operator
Consumer Trustee	AEMO Services Ltd is appointed as the Consumer Trustee under the EII Act. See Figure 2
department	Until 31 December 2023, the NSW Treasury. From 1 January 2024, the Department of Climate Change, Energy, the Environment and Water
EII Act	<i>Electricity Infrastructure Investment Act 2020</i>
EIS	Environmental Impact Statement
EUA Act	<i>Energy Utilities Act 1987</i>
GW	Gigawatt
Infrastructure Planner	EnergyCo is the Infrastructure Planner under the EII Act for all declared PTIPs and REZs in NSW: see Figure 2.
ISP	Integrated System Plan
LTESA	Long-Term Energy Service Agreements
Minister	The Minister for Energy, the Hon Penny Sharpe, MLC.
NEM	National Electricity Market
NIS	Network Infrastructure Strategy
PTIP	Priority Transmission Infrastructure Project
Regulator	The Australian Energy Regulator is appointed the Regulator under the EII Act: see Figure 2.
REZ	Renewable Energy Zone
Roadmap	NSW Electricity Infrastructure Roadmap
SPV	Special Purpose Vehicle: see Figure 2.

Contents

Foreword.....	6
Executive Summary.....	8
1 Overview	16
1.1 EnergyCo's charter and objectives	16
1.2 EnergyCo's organisational structures.....	20
2 Strategy	29
EnergyCo in action: Negotiating easements with Central-West Orana REZ landholders.....	32
3 Operations and Performance	35
3.1 Performance against objectives and directions	35
3.2 Delivery of priority projects.....	38
3.2.1 Waratah Super Battery Project	39
3.2.2 Hunter Transmission Project	40
3.3 Delivery of Renewable Energy Zones	41
3.3.1 Central-West Orana REZ	43
3.3.2 New England REZ	46
3.3.3 South West REZ.....	48
3.3.4 Hunter-Central Coast REZ.....	49
3.3.5 Illawarra REZ.....	50
EnergyCo in action: Designing the Community and Employment Benefit Program.....	51
3.4 Community and stakeholder engagement.....	53
3.5 Research and development	58
4 Management and Accountability.....	61
4.1 Executive and workforce resources	61
4.2 Mandatory disclosures	64
4.3 Disclosures about this report	65
4.4 Information governance.....	66
4.5 Audit and risk management	67
5 Sustainability	72
5.1 Workforce diversity.....	72
5.2 Disability Inclusion Action Plans.....	73
5.3 Work Health and Safety	73
5.4 Modern Slavery Act 2018 (NSW)	74
6 Financial Performance.....	76

Foreword



Paul Binsted
Chair, EnergyCo Board



James Hay
Chief Executive, EnergyCo

We are pleased to present the EnergyCo 2023-24 Annual Report, outlining EnergyCo's activities and achievements for the year and the expected benefits for New South Wales energy consumers, industry and communities.

EnergyCo is the Infrastructure Planner for five Renewable Energy Zones (REZs) as well as the Waratah Super Battery project and Hunter Transmission Project.

These initiatives are critical to delivering reliable, affordable and abundant clean energy for consumers and economic and social benefit for communities as part of the State's energy transition in accordance with the NSW Electricity Infrastructure Roadmap.

Support for the new energy infrastructure is not universal, but it is building as approvals, plans and community and employment benefit schemes move from promise to reality, and greater certainty is provided to those affected.

EnergyCo has continued to deliver our Roadmap projects over the past year, in line with our 2023 Network Infrastructure Strategy. We have established a new project delivery team structure under our Chief Project Officer, and overseen delivery of the Waratah Super Battery which remains on time and budget for delivery in 2025. For the Central-West Orana REZ, Australia's first greenfield REZ, we have secured a commitment deed with the preferred network operator, project authorisation from the Consumer Trustee, and NSW and Commonwealth planning approvals. Central-West Orana remains on track to be a key contributor to State and National 2030 net zero and energy transition targets. Together, the Central-West Orana and South-West REZs have attracted over 22 GW of eligible applications for access rights, demonstrating market confidence in the REZ model.

To support the roll-out of these projects, we have ramped up our engagement with landowners, local communities and Aboriginal and Torres Strait Islander peoples. This includes consulting extensively in preparation for the \$128 million Community and Employment Benefit Program in the Central-West Orana REZ, stage one of which was launched in July 2024.

At the same time, we have made major progress in our transition from a newly established agency to a mature operating entity, culminating in the appointment of an independent board from 1 July 2024. We have grown to a team of over 230 skilled and experienced staff located throughout New South Wales, with safety our number one priority across everything we do. We have also added significant governance and project delivery capabilities across the business and within each project.

We have increased our financial capacity by securing approval to extend the maximum cap of the revolving Transmission Acceleration Facility to \$2 billion. And we have reduced the cost of the transition for energy consumers by finalising an Australian-first \$490 million long-term land and biodiversity loan agreement with the Clean Energy Finance Corporation under the Commonwealth Government's Rewiring the Nation program. We have also met required reporting standards and made substantial progress in the timely implementation of review recommendations and ministerial directions.

As an enduring Government entity, EnergyCo will continue to work with communities, consumers, industry and market bodies to transition NSW's energy system. Under our strategic pillars of Projects, Partners and People, our priorities will remain: delivering the Roadmap projects; building trust in REZ communities; maintaining high standards of public accountability and financial and business governance; and in particular, building on our culture now we have become a stand-alone statutory authority (from 1 July 2024).

Finally, and most importantly, we take this opportunity to thank all our staff, our NSW Government and Roadmap colleagues, the electricity infrastructure industry and the communities in which we work for their determined engagement and support through the year.



Paul Binsted
Chairperson



James Hay
Chief Executive

Executive Summary

The Electricity Infrastructure Roadmap is NSW's bipartisan plan to transform the State's electricity system – delivering new network, generation and storage infrastructure at a scale that has not been seen for forty years.

The enabling legislation, the *Electricity Infrastructure Investment Act 2020* (EII Act), has two main goals: clean, reliable and affordable electricity for NSW consumers, and economic and social benefits for host communities including Aboriginal and Torres Strait Islander communities.

EnergyCo is Infrastructure Planner under section 63 of the EII Act¹ for NSW's five Renewable Energy Zones (REZs) and two Priority Transmission Infrastructure Projects.

Over the past year, we have continued to coordinate the delivery of this essential infrastructure in line with our corporate strategy:

1. **Projects:** building momentum and accelerating delivery in Roadmap implementation,
2. **Partners:** fostering community support through responsible energy development, and
3. **People:** transitioning to a relatively mature operating entity.

This executive summary sets out in brief how we have worked towards these priorities through the year, as detailed in the Annual Report. While substantial progress has been made on each, they remain priorities into the next financial year.

1. Delivering our Roadmap Projects

As Infrastructure Planner for NSW's REZs and Priority Transmission Infrastructure Projects, EnergyCo is responsible for the practical coordination of network with generation and storage infrastructure.

Our three core functions are to:

1. plan and procure the delivery, funding and operation of major network infrastructure projects, including enabling infrastructure coordination, to unlock additional network capacity across the State

¹ Under the EII Act, EnergyCo's role is:

- (a) to make and enter into contracts or other agreements in connection with the exercise of its functions under this Act,
- (b) to investigate, plan, co-ordinate and carry out planning and design of generation infrastructure,
- (c) to investigate, plan, co-ordinate and carry out planning, design, construction and operation of storage and network infrastructure,
- (d) other functions prescribed by the regulations,
- (e) other functions conferred or imposed on the infrastructure planner by or under this or another Act or law.

2. design and manage network access schemes to ensure new generators can get connected and stay connected
3. coordinate local engagement and community employment and benefit programs

Over the past financial year, EnergyCo has ramped up delivery of key projects under the Electricity Infrastructure Roadmap. In 2023 we delivered NSW's first Network Infrastructure Strategy, a 20-year blueprint that sets out the REZ and infrastructure needs across the state. This year we have focussed on delivering those projects and preparing for the next scheduled Network Infrastructure Strategy (NIS) in 2025. Each REZ and Priority Transmission Infrastructure Project presents its own technical, commercial and political challenges, requiring tailored documentation, regulation and project delivery models. We have established a new project delivery team under the Chief Project Officer and improved our project delivery models, in collaboration with industry, communities and other NSW Government agencies.

Our delivery achievements for the financial year are listed in Table 1 below.

- Seeing fundamental milestones for the Central-West Orana REZ – NSW's most advanced REZ – including network planning approval, Network Operator authorisation and adequate funding and land access
- For the Hunter Transmission Project, publishing a Scoping Report in May 2024 (an additional consultation step beyond regulatory requirements) and commencing procurement of a network operator and construction partners for the project
- Securing the status of the New England REZ network project as Critical State Significant Infrastructure, and revising the study corridor after feedback from landowners, community and stakeholders
- Preparing the South West REZ Access Scheme for declaration on 12 April 2024, to connect generation and storage resources with significant engagement with local communities, local industry, Regional NSW and other agencies to maximise regional economic benefits from the energy transition
- Partnering with Transport for NSW on the 'Port to REZ' program, to deliver road upgrades required to support the construction of REZ infrastructure, part of a suite of enabling infrastructure being coordinated across the state and being led by a new executive director with that focus
- Collaborating with Property and Development NSW, Infrastructure NSW and the Premier's Department on the 'Newcastle Logistics Precinct' project to ensure sufficient portside capacity is available to handle significant volumes of large-scale equipment required to construct REZ infrastructure, and
- Advancing the Waratah Super Battery project for on-time delivery in 2025, meeting governance, engagement and financial requirements.

2. Working with our Partners to build a reputation for responsible energy development in NSW

Early and ongoing engagement with communities is central to the electricity transition. EnergyCo conducts ongoing, on-the-ground consultation with local communities in REZ regions. Community feedback helps inform strategic planning to ensure our projects complement existing land use where possible, reflect local priorities, drive economic activity and protect community values. We engage with local councils, Aboriginal and Torres Strait Islander communities, landholders and many other stakeholder groups to earn community support.

- **Strengthened our presence in REZ communities.** We held regular ‘pop-up’ stalls in major REZ towns and events, listened and responded to local suggestions and concerns through regular community discussions (9142 interactions in all). Two of our executive leadership team now reside and work in a REZ, along with an increasing number of regional staff.
- **Started community consultation earlier to give communities a greater say.** We have worked hard with industry and communities on the early stages of development so that the later stages proceed more smoothly. For example, on the Hunter Transmission Project, by engaging landowners early to discuss concerns and seek solutions, we were able to narrow the proposed corridor, reducing the number of potentially affected private landowners from 78 to less than 25. We have also avoided recreation areas and minimised impacts on specific communities as well as areas that are culturally significant for Aboriginal and Torres Strait Islander communities.
- **Delivered the Central-West Orana REZ Community and Employment Benefit Program,** with four grant streams totalling \$70 million launched in July 2024, as part of an initial \$128 million fund to deliver the first tranche of lasting and tangible benefits for REZ communities.
- **Signed an Australian-first MOU** between network operator ACERES, NSW Farmers Association and EnergyCo as infrastructure planner, to support landholders throughout the transition to renewable energy for the Central-West Orana REZ.
- **Built broad partnerships with NSW agencies** including the Port of Newcastle, Transport for NSW and TAFE NSW, to deliver the resources, skills, innovation and solutions needed for NSW’s energy transition.
- **Advised whole-of-government entities responsible for delivering the Roadmap,** ensuring an alignment of governance structures, objectives and deliverables to collectively manage the cumulative impacts of REZ development. In collaboration with many cross-government agencies, we progressed the implementation of a coordinated program of work to help address the impacts of renewable energy infrastructure on regional communities.
- **Continued our considered approach to engagement with Aboriginal and Torres Strait Islander peoples.** We have appointed a full-time Aboriginal engagement specialist,

maintained our Aboriginal Consultation Guidelines and Aboriginal Procurement Policy (APP) as live documents, and been guided by a Project Steering Committee with representatives from eight relevant agencies.

3. Setting up sustainable structures, workforce, safety assurance, funding and strategies and supporting our People as we transition to a relatively mature entity

Through the financial year, we have focussed on what is required for EnergyCo to fulfil its statutory role as Infrastructure Planner, and our additional roles in advising the Minister and working with the Department of Climate Change, Energy, the Environment and Water (the department) on electricity infrastructure issues.

- **Prepared to transition to an independent statutory authority** with an independent Board, as recommended in the 2023 NSW Electricity Supply and Reliability Check Up. EnergyCo has assisted the department in securing legislative reforms and identifying future actions, along with significant changes in governance, risk management, audit and insurance.
- **Invested in ongoing employees, in competition with other energy jurisdictions and the energy industry.** This phase of EnergyCo's development has coincided with the economy's recovery after the pandemic. When we were re-established in November 2020 and started operations in 2021, we drew on contracted expertise from an uncertain employment market. Since then, we have employed over 230 skilled and experienced staff comprising around 110 employees and over 20 contingent labour team members and almost 100 contractors. This is despite a tight skills market as the global electricity sector accelerates its decarbonisation.
- **Launched our People Strategy** as part of our commitment to invest in, develop and support our people, ensuring that our organisation continues to thrive.
- **Increased our financial capacity by securing approval to extend the maximum cap of the revolving Transmission Acceleration Facility to \$2 billion.** The Facility is a revolving recoverable facility that provides funding for early project works, and for community and employment benefit programs before income is available from network operators and access schemes. The Facility enables EnergyCo to undertake early development activities while concurrently procuring network operators to accelerate project delivery.
- **Prepared a draft corporate strategy for adoption in July 2024.** The new strategy will further clarify our purpose and culture, and lay the groundwork for business planning and partnerships. EnergyCo created the strategy through the first half of calendar 2024 with input from leadership, staff and the department and is finalising the strategy with input from our new Board.
- **Met relevant strategic, review and reporting standards.** We have pursued our defined strategic objectives (alongside those of the NSW Government and the Roadmap); responded satisfactorily to Ministerial Directions on a statement of corporate intent through corporate planning, and on specific REZ and Priority Transmission Infrastructure

Project milestones, established or tightened project governance through a revamped framework with distinct roles for the Project Control Group, Steering Committee and Change Committee, and met NSW Government standards on financial acquittals, diversity and inclusion, workplace health and safety, and sustainability.

This work is detailed in our 2023-24 Annual Report and will continue through the next financial year.

Performance milestones through 2023–24

Table 1: EnergyCo performance milestones through the financial year

* Indicates action fulfills Ministerial Direction

Priority	Summary
Statewide initiatives	
Funding	\$800 million added to the Transmission Acceleration Facility (September 2023), increasing funding to \$2 billion - Critical State Significant Infrastructure declared for Central-West Orana REZ, New England REZ and Hunter Transmission Project
REZs	- Strategic Benefit Payments Scheme commenced to compensate relevant landholders* - Whole-of-government Steering Committee established to bring together key NSW Government implementation partners and coordinate delivery of Roadmap infrastructure and supporting works
Partnerships	- Partnership with Port of Newcastle to identify opportunities to support renewable energy industries in NSW (July 2023) - Partnership with Transport for NSW to deliver enabling road infrastructure (September 2023) - Agreement with TAFE NSW to deliver renewable energy sector microskills course (November 2023) - Joint working group with Essential Energy to progress the Dubbo Renewable Energy Project (October 2023) - MOU between NSW Farmers Association, ACERES and EnergyCo
Priority Transmission Infrastructure Projects	
Waratah Super Battery	- Construction on track for completion in August 2025 - Procurement of paired generators, with performance standard approval and revenue determinations (November 2023)
Hunter Transmission Project	- Exhibition and public consultation of the preliminary corridor (November 2023) - In the process of procuring a Network Operator* and a construction contractor (Recommendation for a Network Operator due in 2025-26)

Priority	Summary
REZ projects	
Central-West Orana	- Supported an amended REZ declaration, increasing the intended network capacity from 3GW to 6GW (December 2023) - Received NSW planning approval for network infrastructure on 26 June 2024 after consultation on the Environment Impact Statement (28 Sept 2023 to 8 Nov 2023), submitting the EIS Response to Submissions and Amendment Report (March 2024) - Executed a Commitment Deed with ACERES as preferred Network Operator (December 2023) - Executed a \$490 million loan facility with Clean Energy Finance Corporation (May 2024) - Published the Infrastructure Planner Recommendation Public Report (May 2024) - Received authorisation from the Consumer Trustee, following release of a public report on the network recommendation (June 2024) - Secured land access, after acquiring all energy hub, biodiversity and maintenance properties (May 2024) and reaching negotiated agreement with 97% of private landholders (June 2024) - Advanced community benefits and engagement, including refreshing the Community Reference Group membership and Terms of Reference (May 2024) and preparing the launch of the Central-West Orana REZ Community and Employment Benefit Program in July 2024* - Advanced the Central-West Orana Access Scheme with the Minister declaring an amended Scheme on 5 April 2024 after formal consultation between 22 February and 20 March 2024 with no proposed changes to the connection model, terms and conditions, assessing applications from Candidate Foundation Generators totalling 7.7GW of capacity*, and establishing a governance process for Hub-to-Project infrastructure*
New England	- Advanced engagement with landowners, community, councils, and generation and storage projects on the study corridor to refine its alignment - Commenced market sounding to engage a Network Operator (August 2023) - Commenced environmental surveys and technical investigations (October 2023) - Released a revised study corridor (March 2024), taking on feedback from landowners, community and stakeholders on the 2023 preliminary study corridor - Secured Declaration of Critical State Significant Infrastructure (June 2024)
South West	- Concluded consultation on Draft Access Scheme (Feb 2024) - Secured Declaration of South West REZ Access Scheme (gazetted 12 April 2024) - Worked with AEMO Services to include access rights in Tender Round 5, with 15 GW of applications received (May 2024)

Priority	Summary
	Continued engagement with Regional NSW, local industry and other public and private agencies to maximise regional economic benefits from the energy transition
Hunter-Central Coast	- Identified potential network infrastructure options via joint planning with local network service providers Transgrid and Ausgrid - Commenced process to select a Network Operator, consulting with prospective generation and storage proponents and with Transgrid, Ausgrid and AEMO - Continued engagement with Regional NSW, local industry and other public and private agencies to maximise regional economic benefits from the energy transition

1

Overview

Wellington Solar Farm

(Photo Ian Tyler)

1 Overview

1.1 EnergyCo's charter and objectives

The Energy Corporation of New South Wales (EnergyCo) is a statutory authority under the *Energy and Utilities Administration Act 1987*, empowered to deliver essential network infrastructure.

Historically, coal-fired power stations have generated most of NSW's electricity. As they reach the end of their lifecycle and retire, the future of our power system is in new renewable generation, supported by batteries, pumped hydro and network infrastructure.

This future is set out in the NSW Electricity Infrastructure Roadmap (the Roadmap). The *Electricity Infrastructure Investment Act 2020* (the EII Act) has since been enacted to become the driving legislative force for investment in our modern power system.

The EII Act sets out EnergyCo's role as Infrastructure Planner for NSW's Renewable Energy Zones (REZs) and Priority Transmission Infrastructure Projects (PTIPs).

1.1.1 The NSW Roadmap's call for electricity infrastructure

The Roadmap is NSW's bipartisan plan to modernise the power system. It recognises that NSW has some of the best renewable resources in the world and sets out the state's 20-year plan to transform our electricity system into one that is affordable, clean and reliable for everyone. It also underpins the NSW Net Zero Plan Stage 1: 2020–2030 which aims to halve emissions by 2030 and achieve net zero emissions by 2050.

The Roadmap is based on an integrated whole-of-system approach to ensure that the capacity, location and timing of transmission, generation and firming projects are harmonised to maximise benefits. It drives investment in:

- **New renewable generation** to replace retiring coal-fired power stations and improve energy affordability
- **New storage and firming** to respond to our electricity needs and improve reliability of the grid, and
- **New network infrastructure** to deliver energy to consumers.

1.1.2 The EII Act's objectives, targets and priority projects

In summary, the objectives of the EII Act are:

- **clean, reliable and affordable electricity** for NSW consumers, and
- **economic and social benefits** for local communities including Aboriginal and Torres Strait Islander communities.

In pursuing these objectives, the EII Act:

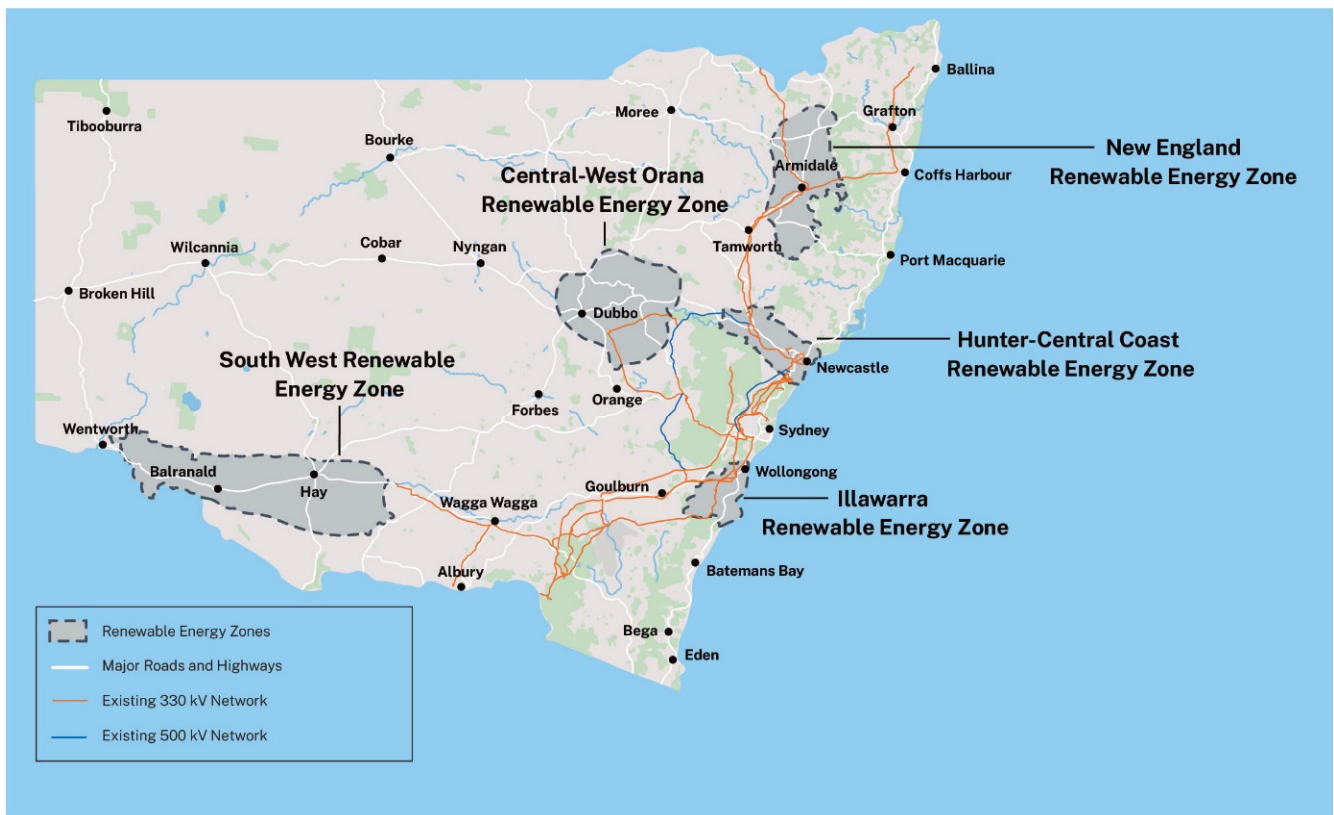
- sets firm delivery targets that include the construction of at least 12 GW of generation and 2 GW of long-duration storage by 2030, and
- provides for the declaration of PTIPs and REZs to meet specific transmission and capacity targets and so maintain a reliable and affordable supply of electricity as coal-fired power stations retire over the next decade.

The PTIPs and REZs are the most cost-effective approach to deliver clean, reliable and affordable energy to NSW households and businesses. They take advantage of economies of scale to access reliable and low-cost renewable energy resources, while minimising negative impacts on communities and delivering benefits including supporting new local jobs and business opportunities during construction and operation. They must be developed with respect for host communities, existing land uses, biodiversity conservation and cultural heritage.

To date, the NSW Government has declared:

- two PTIPs: the Waratah Super Battery and the Hunter Transmission Project, and
- five REZs: Central West-Orana REZ, New England REZ, South-West REZ, Hunter-Central Coast REZ and Illawarra REZ (see Figure 1).

Figure 1: NSW's five Renewable Energy Zones



1.1.3 EnergyCo's role as Infrastructure planner

The EII Act sets out a robust governance framework in which 'Roadmap entities' plan, authorise and deliver major electricity infrastructure projects in NSW: see Figure 2.

EnergyCo's primary role under the EII Act is as Infrastructure Planner for the two PTIPs and five REZs declared to date. As Infrastructure Planner we are responsible for planning, designing and coordinating the construction and operation of the REZs and PTIPs, including coordinating the planning of renewable generation and storage that will connect in the REZs and supply electricity to the grid. In undertaking this role:

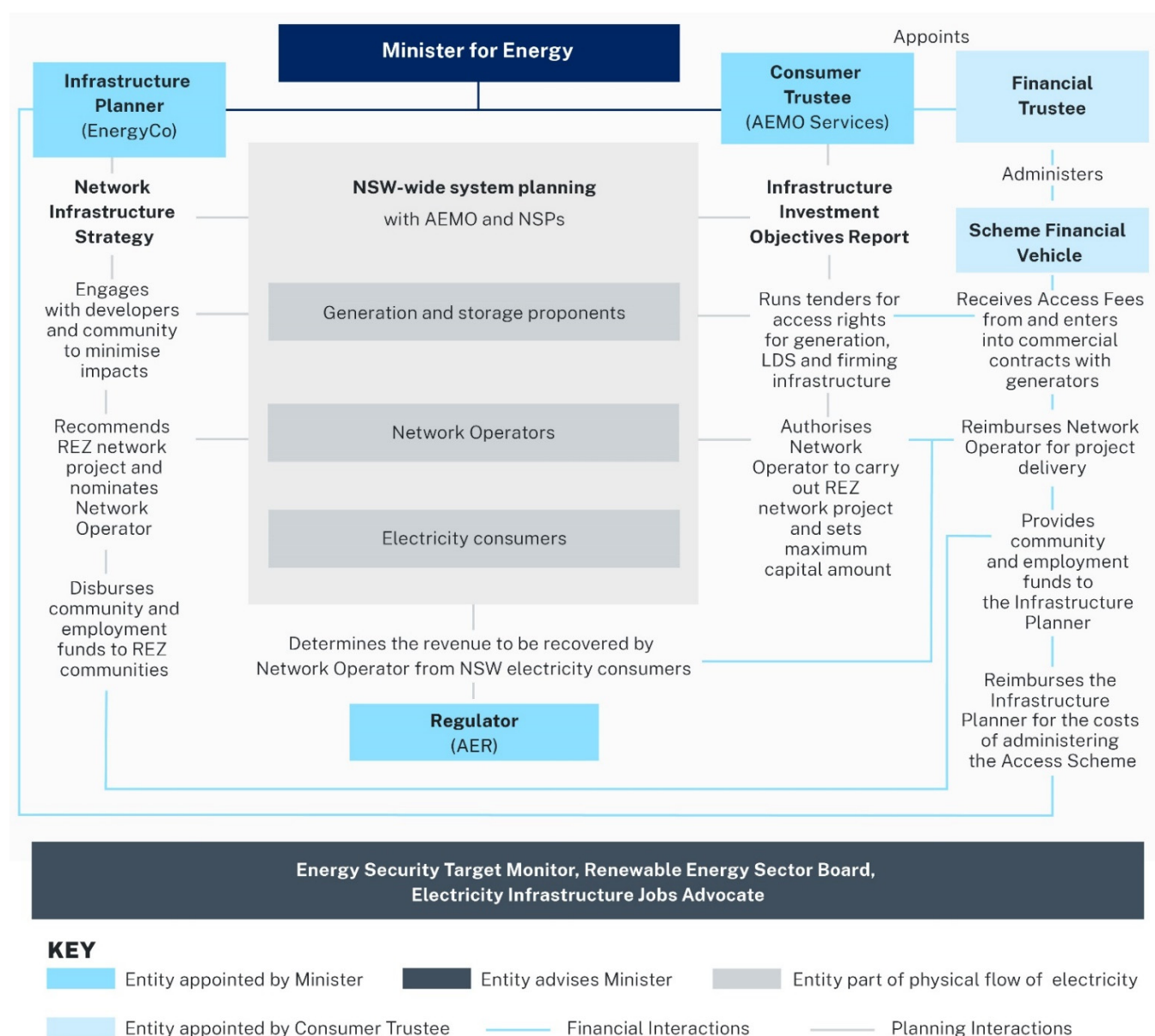
1. **We plan and procure major network infrastructure projects to unlock additional network capacity across the State.** EnergyCo assesses options to provide the intended network capacity; the staging and sequencing of projects; the funding and procurement of the recommended option; and any other matters as prescribed by the regulations. It recommends the preferred options to the Consumer Trustee (for REZ projects) or the Minister (for PTIPs), who then authorise a Network Operator to carry out the project. The project also requires a regulatory determination from the Australian Energy Regulator so that the network operator can be paid the development costs. These costs are recovered from NSW electricity consumers via the Scheme Financial Vehicle.
2. **We design and manage network access schemes to ensure new generation can get connected and stay connected.** Access schemes promote the efficient use of networks (and therefore drive energy affordability), governing how many projects may connect and on what terms. They also provide a source of funding for community and employment benefit programs. In declaring an access scheme, the Minister determines the nature of the access rights and how they are administered. EnergyCo has current responsibilities to administer access schemes for the Central-West Orana REZ (access scheme declared 19 December 2022 and amended 5 April 2024) and the South West REZ (access scheme declared 12 April 2024).
3. **We coordinate local community engagement to support delivery of major infrastructure and benefits.** Regional communities play a critical role in hosting infrastructure projects for the energy transition. EnergyCo engages with host, regional and Aboriginal and Torres Strait Islander communities and other stakeholders to understand local priorities and concerns. This helps inform whole-of-REZ planning and deliver collaborative solutions. EnergyCo also administers community and employment benefit programs to support and engage with communities.

In these roles, EnergyCo works in close collaboration with host community organisations, the NSW Government, the Australian Energy Market Operator (AEMO), AEMO Services Limited (the Consumer Trustee), Transgrid as the jurisdictional planning body, the Australian Energy Regulator, the NSW distribution network service providers, and with consumer representatives.

1.1.4 Transferred pumped hydro projects to Department

EnergyCo's role in supporting the emerging technologies of pumped hydro and long-duration storage was transferred to the Department of Climate Change, Energy, the Environment and Water by the Ministerial Direction of 19 December 2023. To that date, EnergyCo had assessed and granted funding to six potential pumped hydro projects with a combined capacity of 2.5 GW, as reported in the 2023 Annual Report.

Figure 2: Roadmap entities in the NSW legislative framework



1.2 EnergyCo's organisational structures

EnergyCo's role as Infrastructure Planner is prescribed by the EII Act. To fulfil these roles through the financial year, EnergyCo was a statutory authority reporting to the Minister, with its CEO and executive team supported by the EnergyCo Advisory Committee. EnergyCo's operations have been funded by the NSW Government, in part by the revolving Transmission Acceleration Facility (TAF). Throughout the financial year, all EnergyCo's employees were employed in the NSW Public Service by Treasury (until 1 January 2024) and by the Department of Climate Change, Energy, the Environment and Water (from 1 January 2024) to enable EnergyCo to exercise its functions.

From 1 July 2024, EnergyCo became a statutory authority reporting to its Board and accountable to the Minister, as well as having the ability to directly employ staff as a Staff Agency.

1.2.1 EnergyCo's vision and values

Our vision is a transformed electricity system that provides affordable, reliable and clean energy for all NSW households and businesses, and enduring benefits for host communities and the economy.

Our values guide our decisions and reflect our commitment to ethical and responsible behaviour.

- **Grounded.** Our work is informed by evidence and the issues 'on the ground.' We are authentic, open and accessible to all stakeholders.
- **Networked.** We are better together, with many partnerships and collaborations to deliver high-value outcomes for the people of NSW.
- **Bold.** We are willing to try new and better ideas, rather than do things the way they have always been done.
- **Efficient.** Everything we do is designed to deliver least-cost electricity in the long-term financial interests of NSW electricity consumers. We are nimble, flexible and learn from our experiences.
- **Accountable.** We have clear frameworks, business rules and risk management approaches to be accountable to stakeholders and serve specific regional needs.
- **Credible.** We are known for our expertise, capable of operating in a complex environment with the ability to make decisions that deliver on our objectives.

1.2.2 Governance structures

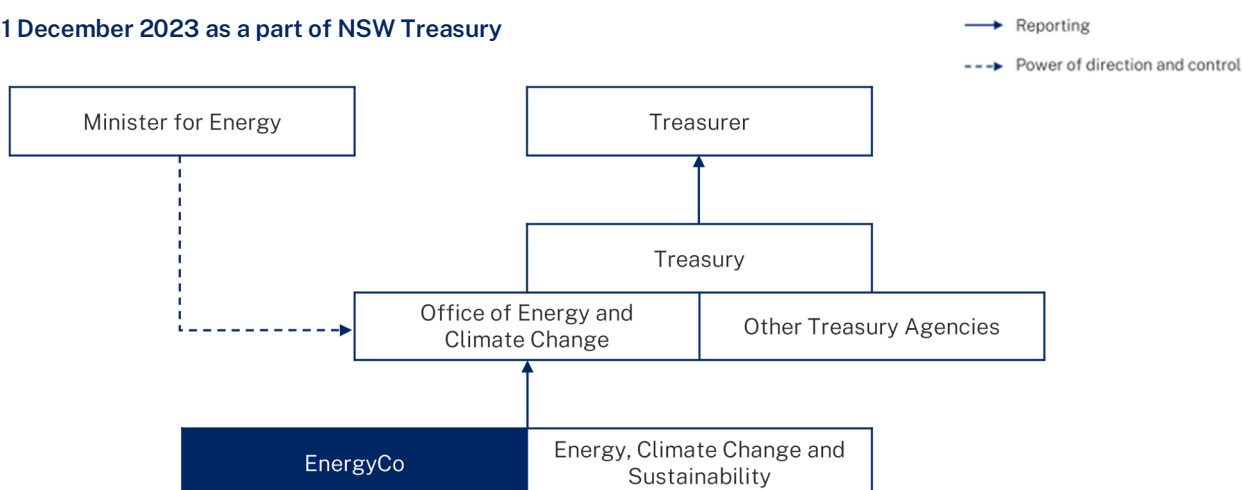
Governance structure in 2023–24

Through the financial year, EnergyCo was a statutory authority subject to the control and direction of the Minister. EnergyCo's CEO reported to the Department Secretary and was advised by the EnergyCo Advisory Committee: see Figure 3. Its key transactional and other corporate services were provided by the NSW Department of Planning and Environment under a Service Partnership Agreement between Treasury and that Department (to 31 December 2023) and then direct from the Department of Planning, Housing and Infrastructure to EnergyCo (from 1 January 2024 to 30 June 2024).

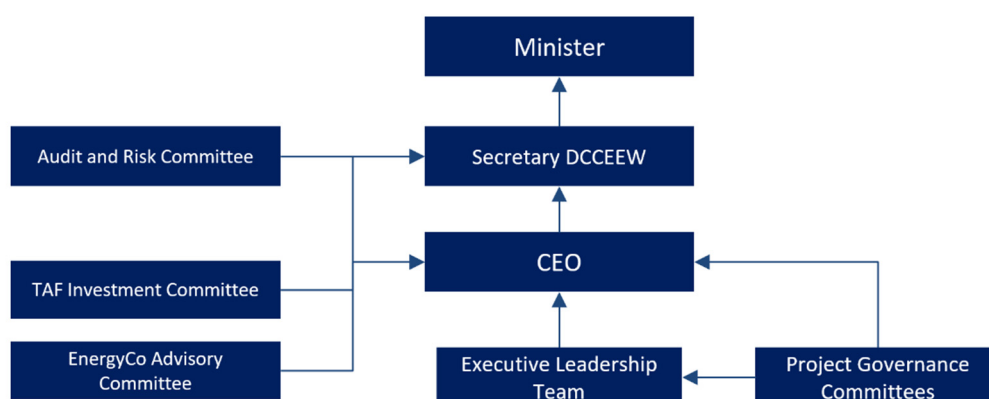
The EnergyCo Advisory Committee advised and monitored EnergyCo's strategic direction and organisational policies, the progress of EnergyCo's projects as Infrastructure Planner and key commercial and strategic decisions, and provided advice to the CEO on EnergyCo's executive appointments and day-to-day management. If requested, the EnergyCo Advisory Committee would also advise the Secretary as the employer of the CEO.

Figure 3: EnergyCo's evolving governance structures

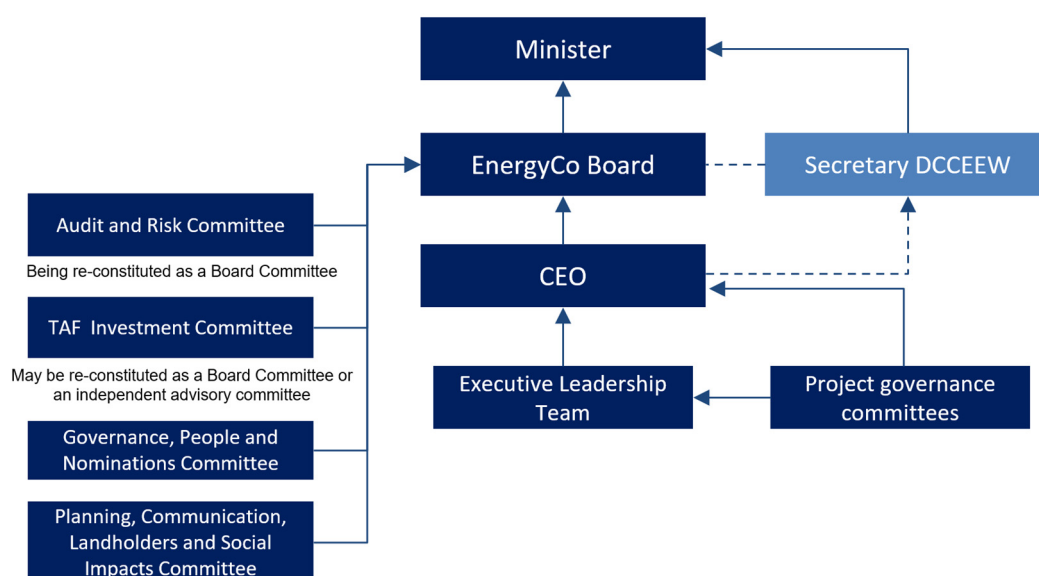
1 July to 31 December 2023 as a part of NSW Treasury



1 January to 30 June 2024 as a part of the Department of Climate Change, Energy, the Environment and Water



From 1 July 2024 as an executive agency related to the Department



Transition to independent statutory authority from 2024–25

From 1 July 2024, EnergyCo became an independent statutory authority, as recommended in the 2023 NSW Electricity Supply and Reliability Check Up. The EnergyCo Advisory Committee was replaced by an independent EnergyCo Board.

Through the financial year, EnergyCo prepared for that transition with the Department and stakeholders, including assisting the Department in securing three necessary sets of legislative amendments, and identifying another six potential sets for future action, along with significant changes in governance, risk management, audit and insurance.

EnergyCo Advisory Committee members

Through the financial year, the EnergyCo Advisory Committee acted as EnergyCo’s primary governance body, advising the Chief Executive, Secretary and Minister as required on EnergyCo’s conduct and operations: see EUA Act section 10.

Table 2: EnergyCo Advisory Committee for 2023–24

* Resigned 31 December 2023

Members	
Mike Mrdak AO* (Chair)	Former Commonwealth Secretary (Communications and Art, Infrastructure and Regional Development). 30 years’ public sector infrastructure delivery experience.
Paul Binsted (Chair from 2 April 2024)	Chair of Stanwell Corporation Limited, after chairing the Audit and Risk Committees at the Commonwealth Clean Energy Finance Corporation and the Australian National Maritime Museum. Extensive experience in compliance, audit and risk management.

Members

Claire Booth	Farmer and solicitor based in Dubbo with extensive experience in agriculture, agribusiness and regional energy and infrastructure outcomes.
Robert Rust*	Former Chief Executive of Health Infrastructure and Chief Operating Officer of WestConnex Delivery Authority. Extensive infrastructure delivery experience.
Donna Rygate	Independent chair/director, lawyer and sixth generation farmer and grazier based in the Central West. Former Chief Executive of the NSW Office of Communities and of Local Government NSW with extensive planning and environment, public policy, communications and governance experience.
Professor Roberta Ryan	Founding Executive Director of the Institute of Regional Futures at the University of Newcastle. Expert in social research, complex stakeholder engagement and regional communities.
Dr Keith Turner	Chair of Transpower New Zealand, former Chief Executive Officer of Meridian Energy and Chief Operating Officer of the Electricity Corporation of NZ. 40 years' experience in the electricity industry.
Dr Alex Wonhas	Former Executive General Manager of System Design at AEMO overseeing the development of the Integrated System Plan. Extensive experience in energy and resources.

Audit and Risk Committee

The Treasury Audit and Risk Committee (Treasury ARC) provided independent assistance to the Secretary of NSW Treasury from 1 July 2023 to 31 December 2023. Subsequently, the EnergyCo ARC provided independent assistance to the Secretary of the department from 1 January 2024 to 30 June 2024 by monitoring, reviewing and providing advice about EnergyCo's governance processes, risk management and control frameworks and its external accountability obligations. See section 4.5 below for further information.

Table 3: Audit and Risk Committee for 2023-24

Members

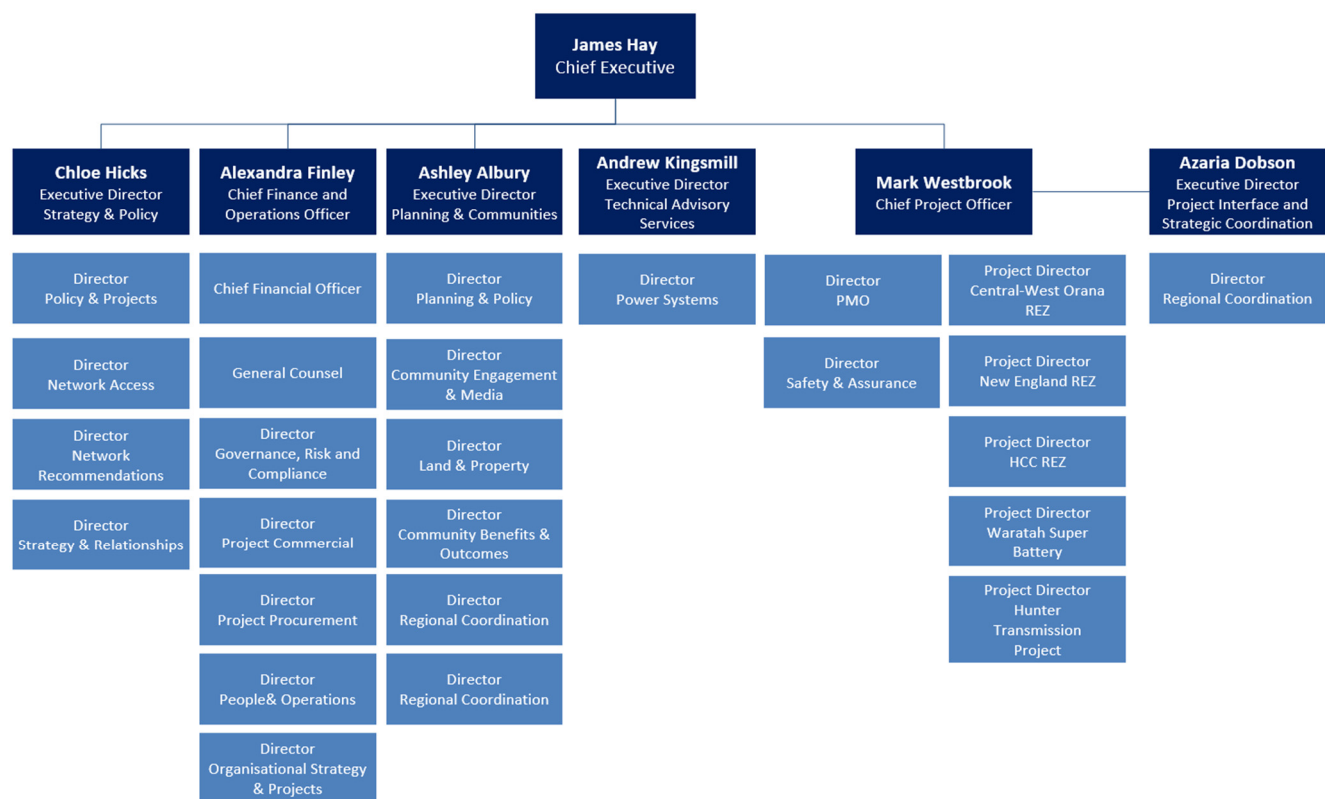
Paul Knight (Chair, EnergyCo ARC)	Member of NSW Justice and Forensic Mental Network Board. Chair of Illawarra Shoalhaven Local Health District's Audit and Risk Committee. Former Chief Executive Officer of Illawarra Local Aboriginal Land Council.
Donna Rygate (EnergyCo ARC)	Independent chair/director, lawyer and sixth generation farmer and grazier based in the Central West. Former Chief Executive of the NSW Office of Communities and of Local Government NSW with extensive planning and environment, public policy, communications and governance experience.

Members

Matthew Irwin (EnergyCo ARC)	Former Chief Financial Officer at Transgrid. 30 years' experience as an advisor, lender and asset owner in energy and infrastructure.
Karen Orvad (EnergyCo ARC and Treasury ARC)	Former executive leading the Group Audit and Risk function at Qantas. Former KPMG Partner in its Governance and Risk Consulting team.
Julie Elliot (Chair, Treasury ARC)	Former executive with extensive risk and internal governance experience in the banking and financial services sector and in the public sector.
Jeremy Chandler (Treasury ARC)	Former executive with Australian Government experience working as Chief Financial Officer in three agencies and as Chief Operating Officer in two agencies. Experience includes audit and risk committees in federal and state agencies.
David Black (Treasury ARC)	Former Partner of a 'big four' audit firm with almost 30 years' experience working on government clients at both state and federal levels. Recent experience on both public sector audit and risk committees and private sector boards.

1.2.3 Management structure

Figure 4: EnergyCo's organisational structure, June 2024



Organisational structure

EnergyCo's structure reflects its role as Infrastructure Planner for NSW's PTIPs and REZs. In 2023-24, we established a new project delivery division under the Chief Project Officer to focus on the delivery of these projects, supported by our technical, policy, planning, community, people, financial and legal teams: see Figure 4. Each of these teams are represented on the Executive Leadership Team.

Executive Leadership Team

The Executive Leadership Team is responsible for:

- developing and delivering EnergyCo's corporate strategies, business plans, performance targets, risk management and governance framework, and
- monitoring projects against their business cases and delivery plans, potential risks to program delivery, and governance and policy requirements.

The team has the appropriate experience and capabilities to lead their designated roles: see Table 4. It was stable through the financial year, the only changes being Ash Albury replacing Mike Young as the Executive Director Planning and Communities and the appointment of Azaria Dobson to the new role of Executive Director Project Interface and Strategic Coordination.

Table 4: EnergyCo Leadership team as of 30 June 2024

Executive	Responsibilities
James Hay Chief Executive	Responsible for overseeing the organisation and leading the executive team.
Mark Westbrook Chief Project Officer	Responsible for the development and delivery of EnergyCo's program of projects.
Alexandra Finley Chief Finance & Operations Officer	Responsible for negotiating and managing REZ development services and agreements, and for project financial structuring, commercial negotiations and due diligence, product development, finance, people and operations, legal and risk.
Ashley Albury Executive Director Planning & Communities	Responsible for whole-of-REZ strategic planning and policy frameworks, community engagement and media, Aboriginal and Torres Strait Islander community outcomes, planning approvals for network solutions, local economic development, jobs and skills, community benefit sharing, and land and property management.
Chloe Hicks Executive Director Strategy & Policy	Responsible for EnergyCo's corporate and business strategy, strategic policy advice and regulatory processes.

Executive	Responsibilities
Andrew Kingsmill Executive Director Technical Advisory Services	Responsible for the NSW Network Infrastructure Strategy, joint planning and access scheme technical design.
Azaria Dobson Executive Director, Project Interface and Strategic Coordination	Responsible for scoping, coordination and delivery of state-wide enabling infrastructure and related programs across roads and transport, ports capacity and infrastructure, workforce accommodation, telecommunications, water and waste management and other logistic and supply chains.

1.2.4 Project management structures

Through the financial year, we established a new project delivery team structure under our Chief Project Officer, with senior appointments made for project coordination, the project management office, and safety and assurance. Further appointments supporting these senior roles continue to be made.

Each project presents unique technical, commercial and political challenges, requiring a tailored project delivery model. The new project delivery team has further refined those models in collaboration with industry, communities and other NSW Government agencies.

In addition to the corporate governance structures outlined above, project delivery has established the following project-specific governance and assurance forums:

- Individual **Project Control Groups**, which monitor project status, consult with project executives, resolve issues where possible, and escalate matters to the Project Steering Committee as required
- the **Project Steering Committee**, which monitors project performance and risks, endorses project decisions for delegated authorities, proposes actions to address performance issues or out of tolerance risks, and escalates matters to the Change Committee, Executive Leadership Team, CEO or Board as required, and
- the **Change Committee**, which reviews and approves (if delegated), or endorses significant changes to projects and escalates these to the CEO and Board as appropriate.

1.2.5 Financial structures

EnergyCo was funded through principal department grants from NSW Treasury (to 31 December 2023) and the department (from 1 January 2024) as set out in the financial statements, including the revolving Transmission Acceleration Facility (TAF). The TAF is managed by an independent Investment Committee.

Transmission Acceleration Facility

The TAF is a NSW Government-funded financing facility established in 2022 and managed by EnergyCo. The TAF is a revolving recoverable facility to fund major network projects to financial close and early Community and Employment benefits. The funding may also cover general non-project costs and overheads.

EnergyCo primarily uses that facility to:

- cashflow project development expenditure including early works and long lead time components to secure and accelerate project timelines, enabling the private sector to invest at scale and on time, without which the Roadmap timetable would be at great risk, and
- advance and accelerate benefits to foster local community support by forward funding the Community and Employment Benefit Program.

Once projects are completed, EnergyCo can recover the funds through fees from Network Operators and Access Right Holders.

Through the financial year, EnergyCo secured its financial base with approval to temporarily extend the maximum cap of the TAF to \$2 billion up to March 2027 if required. By 2040, the TAF is expected to be repaid in full, having put up to \$6 billion to productive use without exceeding its cap.

TAF Investment Committee

The TAF Investment Committee is appointed by the Secretary under the EUA Act. It operates independently of the Project Directors and the teams who are responsible for delivering the relevant project. The Investment Committee also ensures EnergyCo and the EnergyCo Advisory Committee (and Board) have expert financial and risk management advice for TAF funding approvals.

Table 5: Transmission Acceleration Facility Investment Committee for 2023-24

Members	
John O'Neil (Chair)	Independent non-executive advisor to the Clean Energy Finance Corporation and member of its Investment Committee. 30 years' banking experience.
Anne Anderson	Former Managing Director at UBS Asset Management. 35 years' experience in energy and global financial services sectors.
Matthew Irwin	Former Chief Financial Officer at Transgrid. 30 years' experience as an advisor, lender and asset owner in energy and infrastructure.
Alexandra Finley (EnergyCo ex officio)	Chief Finance and Operations Officer at EnergyCo. Experience in governance, legal, risk and financial services across a range of sectors.
Swati Johri (Treasury ex officio)	Acting on behalf of the Head of the Infrastructure and Structured Finance Unit at NSW Treasury. Experience in the infrastructure and project finance sector.



2

Strategy

Transmission lines near Armidale.

2 Strategy

As mentioned in Section 1.1, there are three elements to EnergyCo's role as Infrastructure Planner:

- plan and procure major network infrastructure projects including enabling infrastructure critical to delivering network infrastructure, to unlock additional network capacity across the State
- design and manage network access schemes to ensure new generation can get connected and stay connected, and
- coordinate local community engagement to support joined-up delivery of major infrastructure and benefits.

At the time of preparing this Annual Report, EnergyCo was developing a Corporate Strategy with a 2030 horizon to set its high-level vision and role and outline its long-term priorities and initiatives, accompanied by a 2024–25 Corporate Plan and detailed Business Plan.

These documents will align EnergyCo's operations with:

- relevant NSW Government performance frameworks and priorities (see Section 2.1)
- Ministerial Directions for explicit actions to be completed from year to year (see Section 2.2), and
- any other government review or direction, including those for organisational and project efficiencies. In the past year, this included responding to the recommendations outlined in the NSW Electricity Supply and Reliability Check Up, an independent review delivered in May 2023 (see Section 2.3).

2.1 NSW performance frameworks

On 1 January 2024, EnergyCo (through a machinery of government change) moved to the newly established Department of Climate Change, Energy, the Environment and Water. The department leads the NSW Government's action on climate change, driving the sustainable transition to a net zero economy, powered by affordable, reliable, and clean energy. This includes leading NSW energy regulation and market reforms, and electricity infrastructure planning and development.

The NSW Government is currently developing a Performance and Wellbeing Framework that will apply to both EnergyCo and the department. This framework will:

- benchmark the delivery of services and track the overall quality of life of the people of NSW
- support prioritisation and accountability for achieving the Government's goals, and
- bring together evidence to make necessary reforms to drive efficient service delivery and innovative new programs.

EnergyCo will work with the department to translate this framework into specific organisational and operational objectives.

2.2 Ministerial Directions and performance

The Minister issued a direction on 19 December 2023 under Section 8 of the EUA Act and Section 63 of the EII Act to underscore EnergyCo's focus on its role as Infrastructure Planner. The Minister directed EnergyCo to:

1. Prioritise delivery of PTIPs and REZs, specifically:
 - a. successful delivery of the Central West-Orana REZ
 - b. procurement of a Network Operator for the Hunter Transmission Project
 - c. procurement of a Network Operator for the Hunter-Central Coast REZ
 - d. delivery of the South West REZ Access Scheme
 - e. continued development of the New England REZ
 - f. operationalisation of the Strategic Benefits Payment Scheme, and
 - g. completion of the Waratah Super Battery Project
2. Continue business-as-usual work, with a particular emphasis on:
 - a. implementing specific recommendations from the 2023 NSW Electricity Supply and Reliability Check Up
 - b. meeting statutory requirements as Infrastructure Planner
 - c. developing regulations with the department to enable the interface of new network operators with the existing shared network (work with Transgrid on REZ interface performance and reference scopes is in progress, alongside consultation with AEMO on REZ design and interface), and
 - d. providing expert technical planning advice for the department's policy work.
3. Establish an annual Statement of Corporate Intent, taking into consideration the governance recommendations of the 2023 NSW Electricity Supply and Reliability Check Up.

EnergyCo's performance in respect of the first two items of these directions is set out in Section 3 below. Item 3 was superseded by a direction issued on 1 July 2024. Instead of a Statement of Corporate Intent, EnergyCo is finalising a 2024–25 Corporate Plan (supported by a Business Plan) that will be used as the basis for measuring business performance in 2024–25.

2.3 NSW Electricity Supply and Reliability Check Up recommendations

In May 2023, the NSW Government commissioned a team from Marsden Jacob Associates, led by Cameron O'Reilly, for an independent Electricity Supply and Reliability Check Up.

The Check Up was a short, sharp exercise to identify any additional steps NSW needed to take to deliver the Roadmap, ensuring a reliable supply of clean, affordable energy. It was necessary given that global competition for investment had intensified, supply chain constraints and skills shortages had become more acute, and certain regulatory, planning, and community issues had become apparent.

EnergyCo was responsible for 6 of the 54 Check Up recommendations, including:

- establishing the EnergyCo Board, aligned with EnergyCo moving to a mature operating state with improved decision-making and risk management processes. (The Board commenced operations on 1 July 2024.)
- requiring that REZ final design and interface with the shared network be reviewed by Transgrid. (Work with Transgrid on REZ interface performance and reference scopes is in progress.)
- establishing permanent branded offices in the REZs. (A permanent office was opened in Dubbo (Central-West Orana) in September 2022.)
- commencing the Community and Employment Benefit Program in the Central-West Orana REZ. (EnergyCo prepared for the Program, launched on 15 July 2024: see Section 3.4.2.)

EnergyCo in action: **Negotiating easements with Central-West Orana Renewable Energy Zone landholders**

EnergyCo has been working with private landowners in the Central-West Orana REZ to negotiate, by way of agreement, landowner compensation and the route for transmission towers and power lines across their properties, known as an easement.

Determining the easement corridors

Transmission infrastructure is built on easement corridors that are about 70 m wide, under an easement agreement with landowners. This allows EnergyCo to use this strip of land for transmission towers and power lines, while landowners retain ownership and can continue to use their land under the lines.

Each part of the transmission route is decided on 5 principles: people, environment, strategic progress of the Electricity Infrastructure Roadmap, technical requirements, and economics. These principles include avoiding large centres of population, using land that has already been disturbed or that needs the least amount of clearing, avoiding or minimising impacts on significant Aboriginal cultural sites and minimising threatened species of plants and wildlife.

Where the route crosses private land, we minimise the use of prime agricultural land, allow for continued farming/agricultural use, work around or relocate farm infrastructure such as dams, feedlots, or buildings, and minimise visual impacts as much as possible.

Negotiating with landowners

We are pleased to have reached agreements in relation to compensation for EnergyCo's land acquisition requirements with over 97% of private landowners in the Central-West Orana REZ. While landowners are free to discuss the acquisition process, EnergyCo does not disclose information about individual cases to respect landowner's privacy.

Landowners who host transmission infrastructure are entitled to compensation for the required acquisition as well as annual financial payments. They have rights under the *Land Acquisition (Just Terms Compensation) Act 1991*, which provides for the market value of land, plus legal and valuation fees. Landowners are also eligible for a newly introduced Strategic Benefit Payment of \$200,000 per kilometre of easement (indexed to inflation), paid in annual instalments over 20 years. These payments acknowledge the important role these landowners will play in hosting critical infrastructure that will power NSW into the future as we transition to clean energy.

In addition to benefits for landholders, the Central-West Orana REZ community will receive \$128 million over the next four years under the Community and Employment Benefit Program. This is the first downpayment of many, intended to leave a lasting legacy for communities hosting renewable energy projects. EnergyCo is currently working with the community to hear how they would like this money spent.

If EnergyCo and landowners cannot agree on the easement's location and compensation, the land can be compulsorily acquired as a last resort. Compulsory acquisition is a statewide process to allow crucial public infrastructure such as schools, roads, water, and energy infrastructure.

The negotiations and potential acquisition can be a complex and stressful process for landowners. We sincerely appreciate the significant time and effort people put into cooperating with EnergyCo to make this important and necessary transition that will benefit the people across NSW. EnergyCo strives to negotiate with high levels of respect and empathy for landowners and will provide individual case managers and mental wellbeing support services where necessary.



EnergyCo and landholder discuss options in Central-West Orana Photo: Kim Storey Photography



3

Operations and Performance

Waratah Super Battery under construction

3 Operations and Performance

EnergyCo tracks and reports on its performance against:

- EnergyCo's strategic objectives (to plan and deliver infrastructure, design and manage network access schemes, and coordinate local community engagement), as stated in Section 1.1, and
- the further directions and review recommendations set out in Section 2.

This section outlines EnergyCo's performance in meeting those objectives and directions, for each of the two PTIPs and five REZs, and for major organisational initiatives.

The Corporate Strategy and Business Plans being prepared for future years will, for the first time, set out the qualitative and quantitative measures and performance management systems that may apply to EnergyCo's operations.

3.1 Performance against objectives and directions

EnergyCo made significant progress throughout the financial year, collaborating with other Roadmap entities to implement the NSW Electricity Infrastructure Roadmap in accordance with NSW Government, Roadmap and EnergyCo strategic objectives.

This section summarises EnergyCo's progress against its strategic objectives:

- plan and procure major network and enabling infrastructure projects (Section 3.1.1, with operational details in Sections 3.2 and 3.3)
- design and manage network access schemes (Section 3.1.2, with operational details in Section 3.3), and
- coordinate local community engagement (Section 3.4).

Our 2023–24 performance milestones for these objectives are listed for convenience in Table 1 (see Executive Summary).

3.1.1 Plan and procure major network infrastructure projects

The details of this objective were set out in the May 2023 Network Infrastructure Strategy. The NIS sets out a 20-year strategy for the coordinated development of network infrastructure to meet the objectives of the EII Act, with Network Infrastructure Options with a total capacity of 14 GW to be delivered as soon as practicable by 2033.

Project outcomes

Over the past financial year, we have continued to deliver the five REZs and two PTIP projects (the Waratah Super Battery Project and Hunter Transmission Project) as Infrastructure Planner.

The highlights include:

- achieving key milestones for the Central-West Orana REZ – NSW’s most advanced REZ – including planning approval, Network Operator authorisation and securing land access
- for the Hunter Transmission Project, EnergyCo published a Scoping Report in May 2024, an additional consultation step beyond regulatory requirements, and commenced procuring a Network Operator for the project
- for the New England REZ, we secured its status as a Critical State Significant Infrastructure project and revised the study corridor after feedback from landowners, community, and stakeholders
- prepared the South West REZ Access Scheme for declaration on 12 April 2024, to connect generation and storage resources, with significant engagement with local communities, local industry, Regional NSW, and other agencies to maximise regional economic benefits from the energy transition
- partnered with Transport for NSW on the ‘Port to REZ’ program to deliver road upgrades required to support the construction of REZ infrastructure, to be led by a new executive director focusing on the coordinated delivery of enabling infrastructure across the state
- collaborated with Property and Development NSW, INSW, and the Premier’s Department on the ‘Newcastle Logistics Precinct’ project to ensure sufficient portside capacity is available to handle the significant volumes of large-scale equipment required to construct REZ infrastructure
- advanced the Waratah Super Battery project for on-time delivery, meeting governance, engagement, and financial requirements

Funding outcomes

Work on funding solutions for these projects includes increasing the cap of the Transmission Acceleration Facility to \$2 billion, continuation of the Long Duration Storage Recoverable Grants program, commencement of the Central-West Orana REZ \$128 million Community and Employment Benefit Program, and the Strategic Benefit Payments Scheme for private landowners hosting network infrastructure. In May 2024, the Clean Energy Finance Corporation, in partnership with EnergyCo, announced a \$490 million commitment to the delivery of the Central-West Orana REZ. This innovative debt finance arrangement will underpin selected expenditure related to the Central-West Orana REZ, including land acquisition for transmission and the purchase of biodiversity offsets.

Planning outcomes

Planning work to guide infrastructure projects includes publishing the Central-West Orana REZ Infrastructure Planner Recommendation Public Report, the declaration of the New England REZ network project as Critical State Significant Infrastructure, planning approval of the Central-West-

Orana REZ network project, implementation of access schemes in the Central-West Orana and South West REZs, and the AEMO grant of Generator Performance Standards for the Waratah Super Battery.

3.1.2 Design and manage network access schemes

During the financial year, EnergyCo partnered with the Department and industry to develop and launch the Central-West Orana REZ and South West REZ access schemes. REZ access schemes for network infrastructure form part of the NSW plan to coordinate and encourage renewable energy and storage investment in REZs and realise the Roadmap and EII Act objectives. These schemes:

- promote the efficient use of networks, and therefore energy affordability, by governing the volume of projects that may connect to REZ network infrastructure and defining their access terms;
- promote investor confidence by streamlining the connection process and setting curtailment expectations; and
- foster community support through community and employment benefit programs, mitigating cumulative impacts and managing land use considerations.

Generation and storage projects that wish to connect to network infrastructure apply for an access right through a competitive tender. Access right holders are charged fees that include components to fund community benefit and employment programs.

Central-West Orana REZ access scheme

During the financial year, EnergyCo assisted the Department in delivering the Central-West Orana REZ Access Scheme, the first of its kind in the National Electricity Market.

The Access Scheme was formally declared by the Minister for Energy on Monday, 19 December 2022. The Access Scheme Declaration was amended on Friday, 5 April 2024, after formal consultation between 22 February and 20 March 2024. The amendments enabled EnergyCo to allocate the initial tranche of access rights under the Access Scheme. The consultations proposed no changes to the connection model, terms and conditions, or the target transmission curtailment level of the Scheme.

Throughout the first half of 2024, EnergyCo supported the Consumer Trustee's competitive tenders for Long-Term Energy Service Agreements for renewable energy generators and storage operators, opened the application process for the initial tranche of access rights, received applications for 7.7 GW of dispatchable capacity (6 GW of wind and solar, and 1.7 GW of standalone storage), established a governance process for Hub-to-Project infrastructure, and published the standard Project Development Agreement.

South West REZ access scheme

The South West REZ Access Scheme was formally declared by the Minister on 12 April 2024. The Scheme includes an initial aggregate maximum capacity cap of 3.98 GW for solar, wind, and energy storage projects seeking to connect to the REZ network infrastructure, with a target transmission curtailment level of 3.86 per cent. AEMO Services launched the first tender for South West REZ Access Rights on 22 May 2024.

The Access Scheme was finalised and declared after consultation with developers and other stakeholders on an initial draft scheme (March to May 2023) and on a revised draft (December 2023 to February 2024).

3.2 Delivery of priority projects

There are currently two PTIPs for which EnergyCo is appointed Infrastructure Planner:

- the Hunter Transmission Project, linking the Bayswater and Eraring power stations, which is designed to support an additional 5 GW of network capacity by 2030
- the Waratah Super Battery Project, designed to deliver 0.9 GW dispatchable capacity upon completion.

Both PTIPs form part of the 'Sydney Ring' project, which links the southern and northern NSW networks through the Wollongong–Sydney–Newcastle industrial regions.

3.2.1 Waratah Super Battery Project



Figure 5: Construction of the Waratah Super Battery at the Lake Munmorah site

The Waratah Super Battery Project involves multiple components across the state, including the construction of a Battery Energy Storage System (BESS) on the site of the former Munmorah coal-fired power station, on Awabakal and Darkinjung country. The BESS will be capable of providing continuous active power capacity of at least 700 MW and useable energy storage capacity of at least 1400 MWh.

However, the Waratah Super Battery Project is more than just a battery. It is a System Integrity Protection Scheme (SIPS) designed to act as a 'shock absorber' in the event of any sudden power surges, including from bushfires or lightning strikes. The SIPS also provides a virtual transmission solution that increases the capacity of the existing transmission system, allowing electricity consumers in the Sydney, Newcastle, and Wollongong demand centres to access more energy from existing generators.

Supporting the SIPS is a portfolio of paired generators across NSW, a communications system to detect contingencies and faults across the network, a system to rapidly signal paired generators to decrease output, and a battery to discharge and supply power to consumers. Additionally, network augmentations are also in place to increase the network's capacity and allow for the SIPS' operation.

Akaysha Energy was appointed as the SIPS service provider in 2022 and began construction of the BESS in May 2023. The project has created over 100 jobs and is expected to stimulate up to \$1 billion in private investment in new energy storage and associated network augmentations, including in the Hunter and Central Coast regions.

Work through the Financial Year

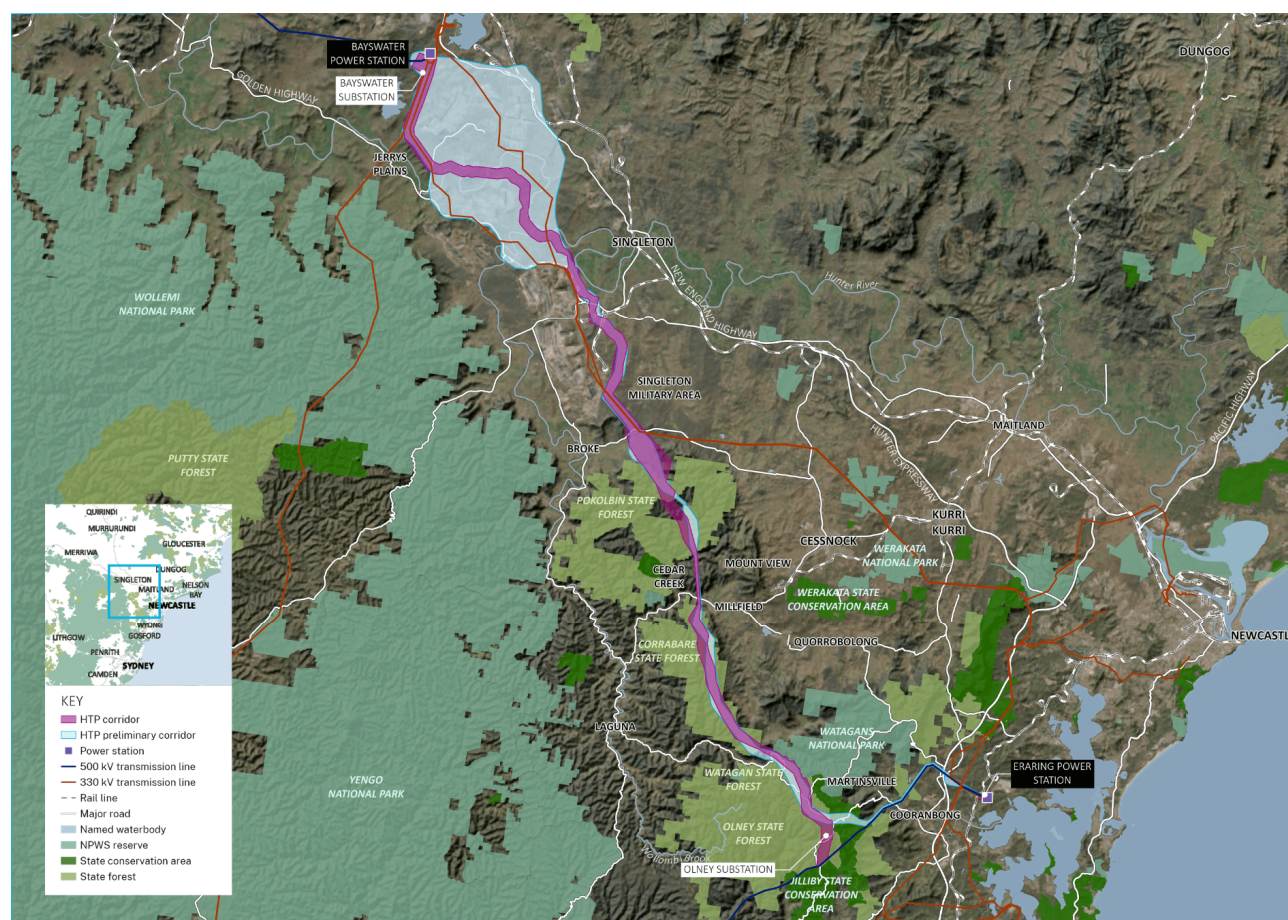
Fulfilling the Ministerial Direction, EnergyCo has overseen the Waratah Super Battery Project to ensure that Akaysa Energy and the Network Operator (Transgrid) complete the project as planned. Construction continued throughout the year and remains on track for completion in August 2025. EnergyCo procured paired generators, and a revenue determination was made for paired generation services in November 2023.

3.2.2 Hunter Transmission Project

The Hunter Transmission Project has been declared Critical State Significant Infrastructure by the NSW Government to support the transfer of increasing renewable energy from the REZs and to provide long-term electricity security in NSW as coal-fired generation retires.

The Hunter Transmission Project will provide 5 GW of additional transfer capacity in the region and unlock the supply of electricity from the Central-West Orana and New England REZs. This electricity will be imported to the core grid via the 500 kV Ring and then delivered via the existing transmission network to NSW consumers, particularly in the Hunter, Sydney, and Illawarra, where 80% of the State's electricity is used.

Figure 6: Hunter Transmission Project Stage 1 and Stage 2



Work through the Financial Year

EnergyCo commenced public consultation on Stage 1 in November 2023 by releasing a preliminary corridor for public exhibition from 20 November 2023 to 18 December 2023.² We letterboxed over 10,000 households and held over 70 meetings with stakeholders, attracting 200 attendees at drop-in sessions, over 250 written submissions, and more than 200 emails and phone calls. Route selection and environmental protection were the priority concerns.

EnergyCo published the Hunter Transmission Project Scoping Report in May 2024.³ In response to community consultation, the corridor was revised to reduce the number of potentially affected private landowners from 78 to fewer than 25. The revised corridor minimised impacts on the Cedar Creek, Millfield, Laguna, and Maison Dieu communities, reduced impacts on parts of State forests that are culturally significant for the Aboriginal community and traditional owners, reduced vegetation impacts in the Pokolbin and Corrabare State forests to protect threatened plants and animals such as the sooty owl, brush-tailed rock wallaby, and scrub turpentine (a critically endangered tree), and avoided recreational areas such as the Jilliby State Conservation Area and The Pines in the Olney State Forest.

EnergyCo has commenced design and construction procurement, fulfilling the Ministerial Direction to do so within this financial year.

² See [Shaping the Hunter Transmission Project](#) May 2024.

³ See the Hunter Transmission Project page on the [NSW Planning Portal](#).

3.3 Delivery of Renewable Energy Zones

In 2018, the first three REZ locations (Central-West Orana, New England, and South West) were selected by the NSW Government following a detailed geospatial mapping exercise that identified optimal locations for renewable energy generation. EnergyCo has since refined these geographical areas through consultations with communities and a range of NSW Government, public, and industry parties. A further two REZ locations (Hunter-Central Coast and Illawarra) were added as part of the passage of the Electricity Infrastructure Investment Bill 2020 through the NSW Parliament.

The 2023 NIS set out proposed Network Infrastructure Options for four of NSW's five declared REZs. These options were intended to form the basis for EnergyCo's recommendations of network projects for authorisation by the Consumer Trustee and guide investors on the potential development of generation and storage infrastructure. They are intended to support the network capacity increases outlined in Table 6 below.

As Infrastructure Planner, EnergyCo is developing each option through detailed stakeholder engagement. All major network projects are subject to the NSW planning and environmental assessment process under the *Environmental Planning and Assessment Act 1979*. Where relevant, negotiations with landholders include payments under the Strategic Benefits Payment Scheme, as required by Ministerial Direction. Network solutions and operators are then recommended to the Consumer Trustee for authorisation.

To support this planning and engagement, EnergyCo has helped establish a whole-of-government Steering Committee, bringing together key NSW Government implementation partners to coordinate the delivery of the Roadmap and supporting works.

Table 6: REZ network capacity increases to be delivered by Network Infrastructure Options (in accordance with the 2023 Network Infrastructure Strategy)

	Deliver Now for secure and affordable energy	Secure Now for resilience against early coal closures	Plan for the Future to enable strong future electrification
Total REZ network capacity added	14 GW	3.6 GW	6.4 GW
Central-West Orana	4.5 GW	2.3 GW	3.5 GW
New England	6 GW	0.8 GW	1.5 GW
South West ^a	2.5 GW	-	-
Hunter-Central Coast	1 GW	0.5 GW	1.5 GW
Illawarra	Not modelled ^b		

3.3.1 Central-West Orana REZ

Figure 7: Map of Central-West Orana REZ



The Central-West Orana REZ encompasses approximately 20,000 km², including the regional centres of Dubbo, Mudgee and Dunedoo, on the lands of the Wiradjuri, Wailwan, and Kamilaroi people. It has good access to high-quality renewable resources and the existing electricity network, with EnergyCo leading the development of the Central-West Orana REZ as Infrastructure Planner.

The 2023 NIS proposed the delivery of 4.5 GW of network capacity by 2030, requiring up to 270 km of new high-capacity transmission lines and five new substations. This infrastructure will enable generators, such as solar and wind farms in the REZ, to export electricity to the rest of the network.

The project is expected to attract up to \$20 billion in private investment in the region's solar, wind, and energy storage projects, supporting approximately 5,000 jobs at peak construction.

The National Electricity Rules-equivalent consumer-funded capital cost of the Central-West Orana REZ is expected to be around \$5.45 billion for recommendation and authorisation purposes as of February 2024. This figure falls within the cost estimates published in the NSW Government's May 2023 Network Infrastructure Strategy.

This cost includes the design and construction of the core network infrastructure, property acquisition, biodiversity offsets, local community commitments and road upgrades, and connection upgrades to the existing network. It does not include costs to be borne by new renewable generation and storage projects related to hub-to-project networks, centralised system strength solutions, financing costs or project contingencies. The final cost of the Central-West Orana REZ, as determined by the Australian Energy Regulator, will incorporate these costs. The final figure may be

adjusted pending contract finalisation matters before financial close. EnergyCo estimates the net benefits for NSW electricity consumers will be around \$3 billion.

A further 2.3 GW of network capacity may be delivered by upgrading existing lines and adding a new line to Burrendong via Uungula, as provided in the NIS.

Work through the Financial Year

This financial year, EnergyCo reached a significant milestone with the Central-West Orana REZ network project securing State planning approval on 26 June 2024. It is the first REZ in Australia to achieve this critical step, paving the way for the construction of essential network infrastructure to connect large-scale solar, wind, and energy storage projects to the electricity grid.

The Environment Impact Statement was exhibited in late 2023 and included measures to avoid, minimise, or mitigate potential environmental and community impacts. This included reducing the NIS-estimated project length from 270 km to an actual 240 km. After extensive community and stakeholder engagement, the NSW Government assigned nearly 100 approval conditions to support the project's rollout.

Significant work continued on the Central-West Orana REZ, the most advanced REZ in the National Electricity Market, with construction on the network project set to begin in early 2025 and the first power expected in 2028.

Throughout the year, EnergyCo completed the following significant actions:

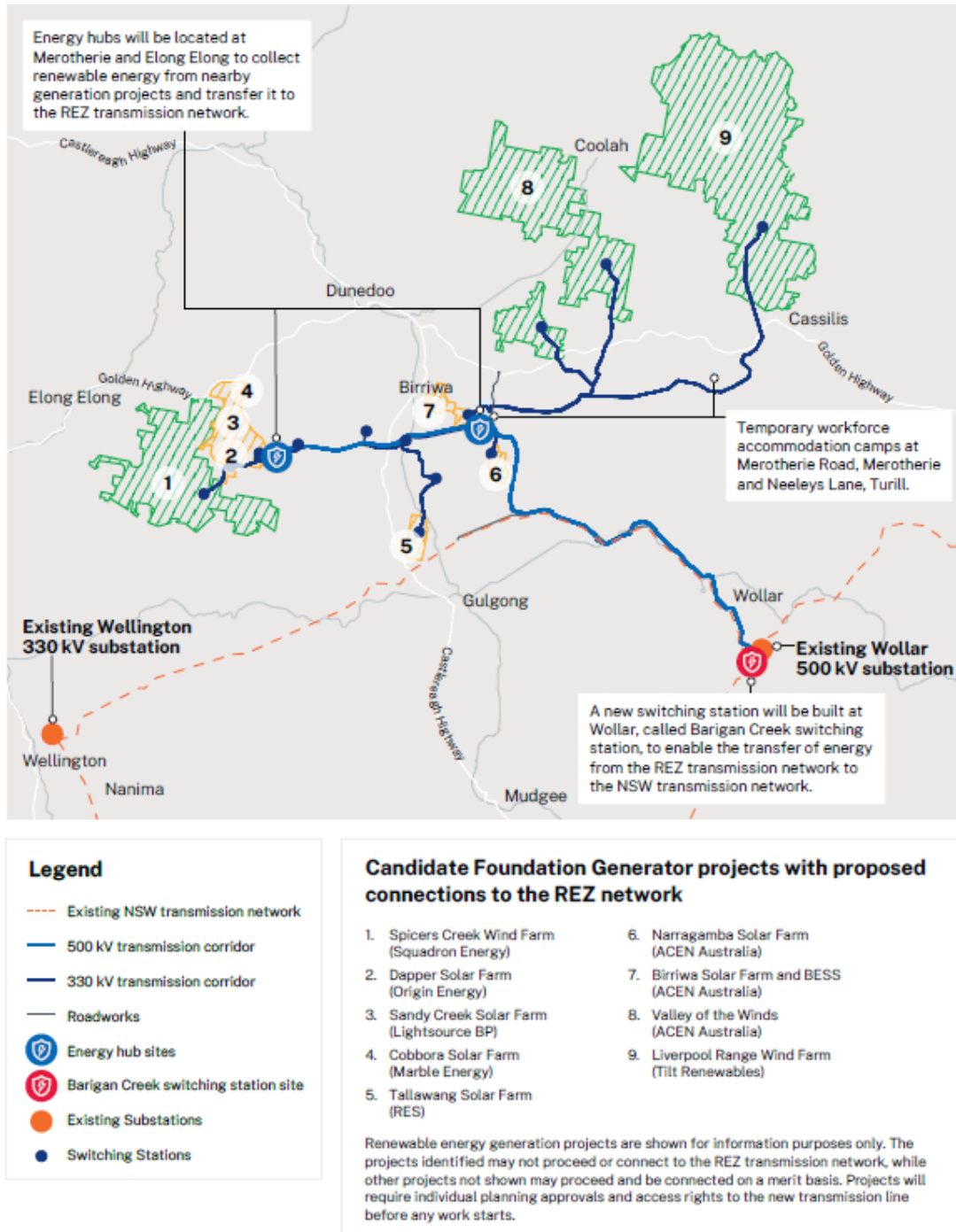
- We supported an amendment to the Central-West Orana REZ Declaration in December 2023, amending the intended network capacity from 3 GW to 6 GW and authorising an initial network infrastructure project of 4.5 GW capacity.
- We received NSW Planning Approval in June 2024 for network infrastructure. This was achieved after consultation on the Environment Impact Statement (28 Sept 2023 to 8 Nov 2023) and the submission of the EIS Response to Submissions and Amendment Report (March 2024). Planning approval means that ACERES can begin work on the construction and operation of the network project.
- We received Consumer Trustee authorisation in June 2024 for ACERES to be the Central-West Orana Network Operator. This was achieved after EnergyCo signed a Commitment Deed with ACERES in December 2023, executed a \$490 million loan facility with the Clean Energy Finance Corporation (May 2024), and published the Infrastructure Planner Recommendations Public Report in May 2024.
- We secured land access after acquiring all energy hub, biodiversity, and maintenance properties (May 2024) and reaching negotiated agreements with 97% of private landholders (June 2024).
- We advanced the Central-West Orana REZ Access Scheme (see further Section 3.1.2 above), including the declaration of an amended Scheme on 5 April 2024 after formal consultation in February and March 2024 (with no proposed changes to the connection model, terms, and

conditions), assessing applications from all Candidate Foundation Generators for 7.7 GW of dispatchable capacity, and establishing a governance process for Hub-to-Project infrastructure

- We advanced community benefits and engagement (see further Section 3.4 below), including refreshing the Community Reference Group membership and Terms of Reference (May 2024) and launching the Central-West Orana REZ Community and Employment Benefit Program (July 2024).

Figure 8: Map of Central-West Orana REZ Transmission project (as at June 2024)

Visit energyco.nsw.gov.au for the latest information.



3.3.2 New England REZ

The New England REZ covers an area of over 15,000 km² centered around Armidale on the lands of the Biripi, Dainggatti, Nganyaywana, Ngarabal, and Gumbainggir people.

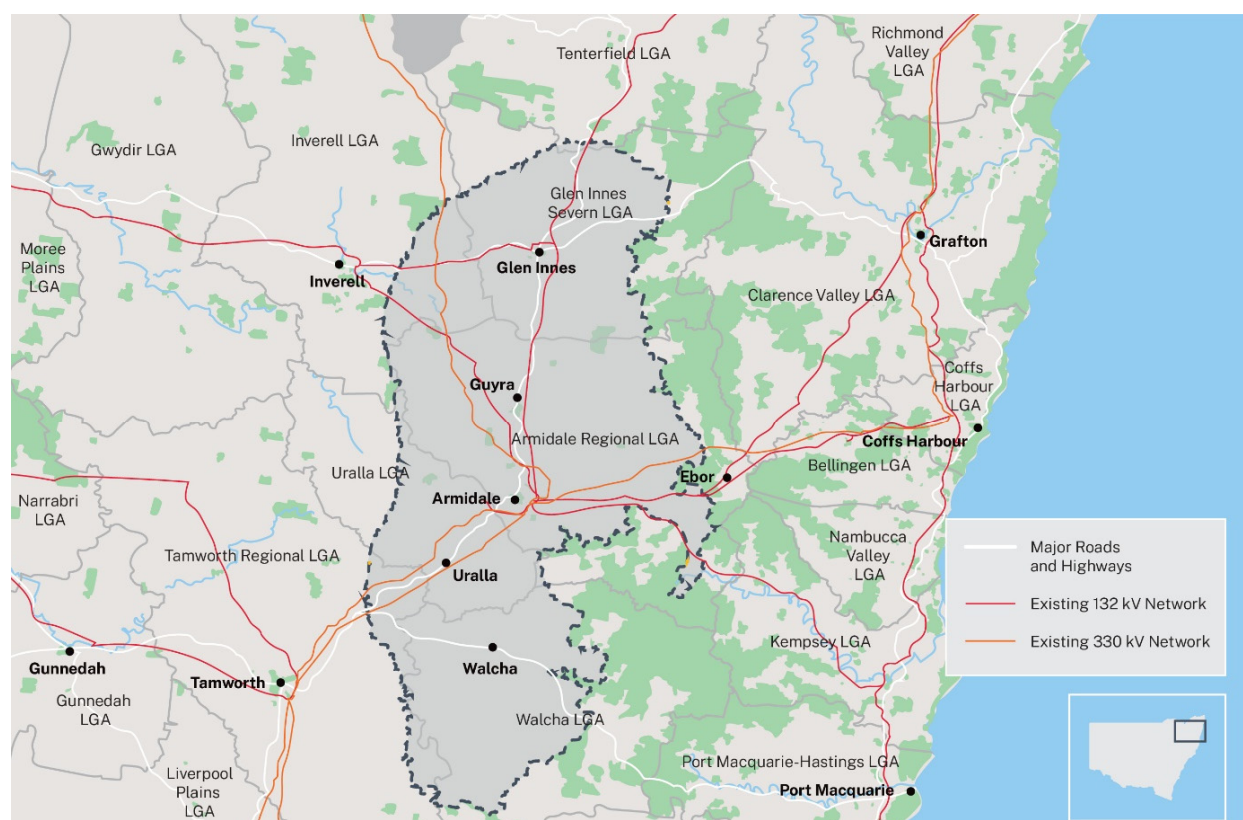
The New England REZ is the largest planned REZ (by capacity), with some of the best wind resources in NSW. Its 8 GW of network capacity will provide renewable energy to consumers during and after the scheduled retirement of the Hunter Valley coal-fired power stations.

The 2023 NIS proposes:

- Deliver now: provide 6 GW of network capacity (2.4 GW then 3.6 GW), through new lines and substations connecting the Tamworth–Armidale line to the existing network at Bayswater. These projects are recognised as critical in both AEMO’s 2024 Integrated System Plan and NSW’s 2023 Infrastructure Investment Objectives Report.
- Additional projects may add 0.8 GW of network capacity by upgrading the existing line between Armidale and Carrai and an additional 1.5 GW of network capacity to the northwest.

The REZ is expected to attract more than \$24 billion in investment by 2035, supporting over 6,000 construction jobs and 2,000 ongoing operational jobs.

Figure 9: Map of New England REZ



Work through the Financial Year

EnergyCo is currently in the planning and development phase for the New England REZ, consulting with landowners and the community, and planning for the procurement of a Network Operator to deliver and operate the project.

Throughout the financial year, EnergyCo has:

- advanced engagement with landowners, the community, councils, and generation and storage projects regarding the study corridor to refine its alignment (see Section 3.4 below)
- commenced market sounding to engage a Network Operator (August 2023)
- commenced environmental surveys and technical investigations (October 2023)
- released a revised study corridor (March 2024), taking on feedback from landowners, community and stakeholders on the 2023 preliminary study corridor
- secured a Declaration of Critical State Significant Infrastructure from Minister for Planning and Public Spaces (June 2024)

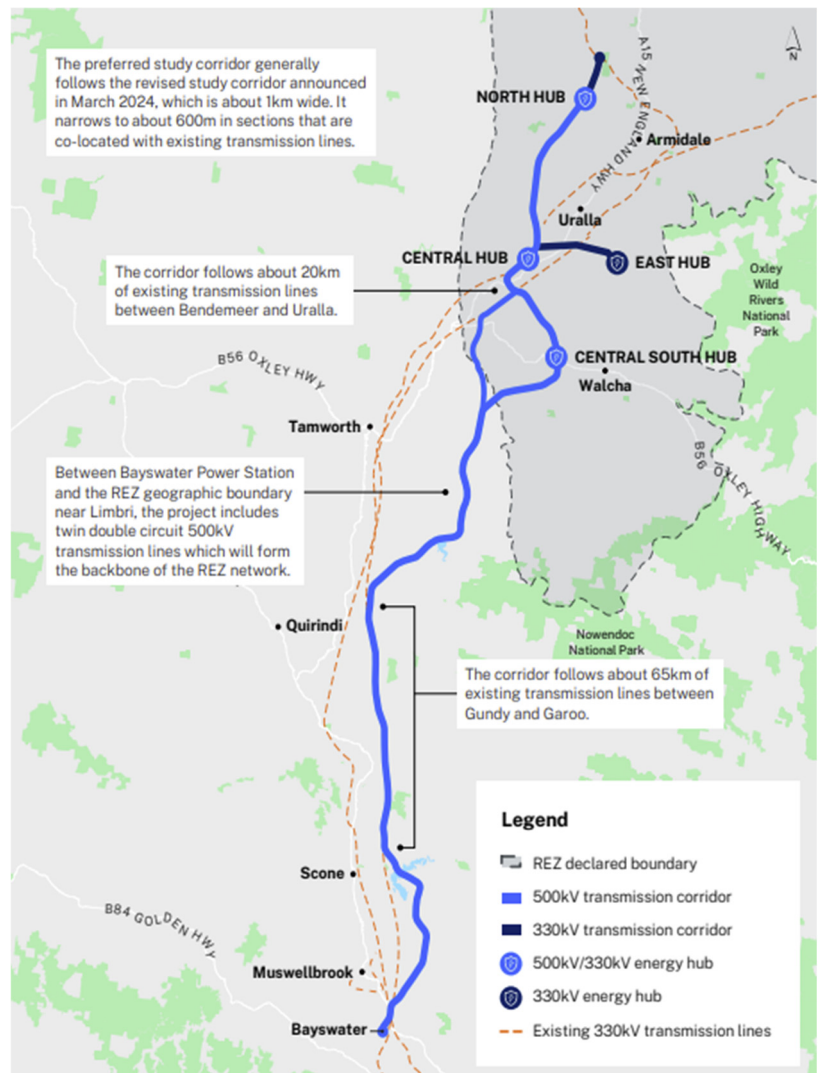


Figure 10: Map of preferred study corridor for New England REZ network project

3.3.3 South West REZ

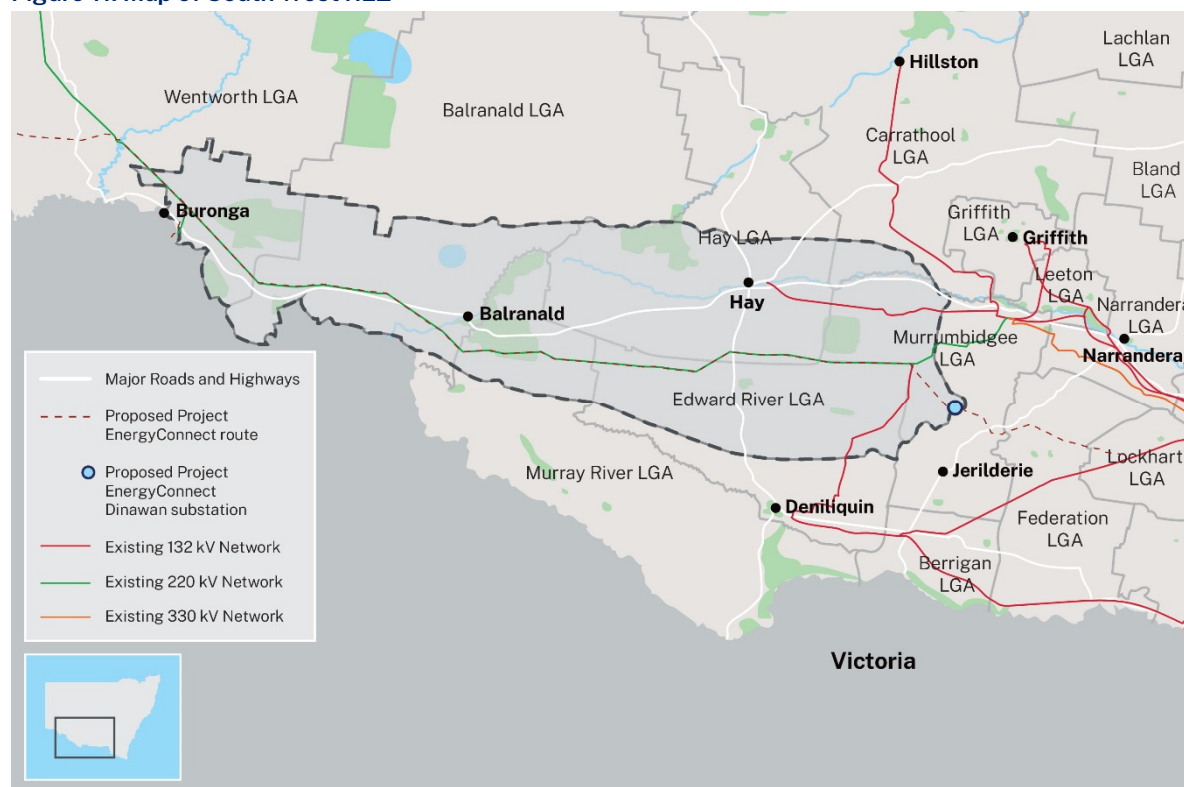
EnergyCo is developing a REZ in the South West region of NSW around Hay and Balranald, on the lands of the Wiradjuri, Yorta Yorta, Baraba Baraba, Wemba Wemba, Wadi Wadi, Madi Madi, Nari Nari, Dadi Dadi, Kureinji and Yitha Yitha people.

The South West REZ has an abundance of high-quality wind and solar resources, proximity to existing and planned high-voltage transmission lines, relative land-use compatibility, and a strong pipeline of proposed wind, solar and energy storage projects. It was formally declared on 4 November 2022, with an intended network capacity of 2.5 GW.

The REZ centers around three Transgrid network projects: Project EnergyConnect, HumeLink, and the Victoria-to-NSW Interconnector West.

These projects along with the REZ activity they will enable, are expected to generate up to \$2.8 billion in private investment by 2030 and support over 2,000 construction jobs.

Figure 11: Map of South West REZ



Work during the Financial Year

EnergyCo's work in the South West REZ focused on liaising with the Transgrid projects and preparing for the South West REZ Access Scheme to connect generation and storage resources. This involved ongoing engagement with local communities, local industries, Regional NSW, and other public and private agencies to maximise regional economic benefits from the energy transition. Notably, EnergyCo worked closely with prospective generation and storage projects to finalise the access scheme design, including analysing proponent wind trace data to ground-truth assumptions in setting the Target Transmission Curtailment Level.

The Access Scheme was declared on 12 April 2024, following consultation on a published draft scheme from March to May 2023 and a refined draft from December 2023 to February 2024. EnergyCo then worked with AEMO Services on the initial tender for South West Access Rights in May 2024.

3.3.4 Hunter-Central Coast REZ

EnergyCo is planning a REZ in the Hunter and Central Coast regions, on the lands of the Awabakal, Bahtabah, Biraban, Darkinjung, Mindaribba, Wanaruah, and Worimi people.

The REZ is expected to host smaller generation and storage projects, support future offshore wind development, and become a hub for expanded low-emission industries in the region. It will leverage existing electricity, port and transport infrastructure, along with a large skilled workforce. Its capacity may increase over time as land is repurposed from mining and coal-fired power generation.

The Waratah Super Battery and Hunter Transmission Projects are critical to the Hunter-Central Coast REZ. In addition, modelling suggests that just under 3 GW of additional network capacity will be needed by 2043 if the forecasted demand growth occurs. The 2023 NIS recommended delivering 1 GW of network capacity by 2030, with two new lines, one upgraded line, and new substations connecting with the existing Upper Hunter network. A further 0.5 GW could be delivered via a new switching station, with the possibility of 1.5 GW by meshing the Muswellbrook substation with the Tamworth–Liddell line and upgrading the Liddell–Tomago line.

Figure 12: Map of Hunter-Central Coast REZ



Work through the Financial Year

EnergyCo is planning to identify the potential network infrastructure options and REZ Network Operator early next financial year. To that end, it is consulting with prospective generation and storage proponents, as well as with Transgrid, Ausgrid, and AEMO. EnergyCo has continued working with government agencies and industry in the region to maximise the economic benefits of the energy transition. Regional NSW and key regional agencies are members of the Project Steering Committee and working groups.

3.3.5 Illawarra REZ

The Illawarra REZ spans Wollongong and Shellharbour, on the land of the Dharawal people.

The region has strong potential for investment in new green hydrogen and steel industries, leveraging its existing workforce, robust supply chain, and established manufacturing plant.

The REZ is expected to host smaller generation and storage projects and support future offshore wind development. It was formally declared on 27 February 2023, with an intended network capacity of 1 GW. This capacity may increase over time with the growth of industries such as green hydrogen, offshore wind and green steel manufacturing.

Figure 13: Map of the Illawarra REZ



Work through the Financial Year

EnergyCo is in the early stages of REZ planning, working with government agencies and network service providers. The REZ was not modelled in the 2023 NIS due to its early stage of development.

EnergyCo in action: Designing the Community and Employment Benefit Program

The energy transition represents a once-in-a-generation opportunity to boost regional development and ensure the enduring prosperity of communities within NSW REZs.

EnergyCo has consulted with REZ communities throughout the financial year to develop the Community and Employment Benefit Program in the Central-West Orana REZ. The program will fund community-led initiatives, public infrastructure, and Aboriginal and Torres Strait Islander community projects within host regions, delivering meaningful social, economic, and environmental benefits for regional communities.

The Program has allocated an initial \$128.4 million to the Central-West Orana REZ over the next four years. Stage 1 of the Program - \$70.5 million across four grant streams will begin to deliver funding and support to councils and the community from October 2024. Once the network infrastructure is operational, the Program will be funded by access fees payable by solar, wind, and other energy generators connecting to the grid. However, EnergyCo is funding the Program upfront via the TAF, to deliver community benefits while the REZ and its infrastructure are being developed, rather than waiting until they are operational.

EnergyCo worked with communities within the Central-West Orana region to ensure the Program reflected regional priorities and needs. Consultations included facilitated stakeholder workshops and community drop-in sessions that were attended by over 150 people.

This input, captured in a Consultation Feedback Report, has helped shape the key elements of the Program:

- offering grant writing workshops for local community groups and dedicated, tailored application support for Aboriginal and Torres Strait Islander community applicants
- establishing key merit criteria of 'community need', 'community support' and 'community alignment'
- involving community representatives in advising on funding applications
- demonstrating community support for Council projects funded through the Program
- streamlining application forms and guidelines to make the application process easier
- delivering the \$128.4 million is the first tranche of funding, with further installments to be distributed throughout the 33-year duration of the Central-West Orana REZ access scheme
- adapting to evolving priorities, evaluating previous performance, and adjusting funding allocations over time to ensure the best outcomes are being delivered for local communities.



EnergyCo team members from the both the program and projects team at Elong Elong community hall, following a community drop-in event.

3.4 Community and stakeholder engagement

EnergyCo recognises the critical role that regional communities play in hosting the electricity infrastructure projects that will drive our energy transition.

EnergyCo has continued to consult and engage with host, regional, and Aboriginal and Torres Strait Islander communities and stakeholders throughout 2023–24, to listen to those communities, understand the issues they face and their priorities, and deliver collaborative solutions informed by whole-of-REZ planning.

Over the past financial year, our engagement highlights include:

- establishing effective forums and principles to seek collaborative solutions with community groups and landowners (see Section 3.4.1)
- designing, preparing and launching the Community and Employment Benefit Program (see Section 3.4.2)
- engaging continuously with Aboriginal and Torres Strait Islander peoples (see Section 3.4.3), and
- achieving success in the Scoping Report process for the Hunter Transmission Project, which triggered formal community consultation earlier than required by the regulatory approval process with beneficial results (see Section 3.2.2).

Table 7 below details our community engagement activity across the REZs and PTIPs through the year to July 2024. In total, there were 9,142 stakeholder interactions including 722 meetings and briefings with local councils, 505 meetings and briefings with landowners, 45 community information sessions, 36 pop-up displays, and 12,769 newsletters sent to stakeholders with project updates.

3.4.1 Community forums and concerns

Throughout the financial year, EnergyCo established effective ways for community and landholder perspectives to be included in the planning process. These initiatives included:

- establishing the Community Reference Group and Council steering committees, and working groups for the Central-West Orana REZ, as well as the Hunter Transmission Project Regional Reference Group
- hosting community information sessions on the Hunter Transmission Project and the New England REZ preliminary study corridors
- continuing discussions and negotiations with landowners hosting transmission lines and related infrastructure.

Through these and other elements of our continuing community engagement, EnergyCo has heard a range of community concerns, depending on the location and type of project.

In general, these concerns relate to:

- the impacts of transmission lines, energy projects, and related infrastructure, including who experiences impacts compared to those who may receive benefits
- the increased demands on already limited or stretched local services and utilities, such as police, medical services, and water supplies
- the accommodation of construction workforce
- the impacts on traffic, transport, noise, visual amenity, and the environment and community
- the land acquisition process, mental health, and access to information.

These matters are carefully considered and addressed by EnergyCo as part of the preliminary study corridor process, the environmental impact assessment for infrastructure projects, the program to assess cumulative impacts across a regional area or REZ, and consultations with other government agencies.

3.4.2 Community and Employment Benefit Program

The Community and Employment Benefit Program (the Program) is a substantial investment aimed at benefiting regional communities that host the infrastructure required for the energy transition.

Section 26 of the EII Act mandates that a portion of infrastructure access fees be allocated for community and employment purposes. As the Infrastructure Planner, EnergyCo manages these funds under the EII Regulations. The Program is a key part of meeting the EII Act objective of fostering community support for investment in new electricity infrastructure.

During the financial year, EnergyCo prepared for the Program's launch for the Central-West Orana REZ on 15 July 2024. It has allocated \$128.4 million to the Program to accelerate the delivery of benefits in that REZ through 2028, with \$70.5 million already allocated through current grant streams. EnergyCo will develop the Program for other REZs and PTIPs as their relevant access schemes progress.

Table 7: Engagement activity: Renewable Energy Zones

Engagement activity	Central-West Orana REZ	New England REZ	South West REZ	Hunter-Central Coast REZ	Hunter Transmission Project	Waratah Super Battery Project
Exhibition of the draft declaration				28 September to 26 October 2022		11 November to 8 December 2022

Engagement activity	Central-West Orana REZ	New England REZ	South West REZ	Hunter-Central Coast REZ	Hunter Transmission Project	Waratah Super Battery Project
Local councils	57 meetings, including Dubbo Regional, Mid-Western Regional, Warrumbungle Shire, and Upper-Hunter Shire Councils	17 meetings with all 7 councils hosting network infrastructure for the New England REZ	South West REZ Regional Reference Group with representatives from Aboriginal Land Councils, local councils and regional NSW government agencies		7 meetings with local councils, including Muswellbrook, Singleton, Cessnock, Lake Macquarie and Maitland. Regional Reference Group includes Mayors of Singleton, Cessnock and Lake Macquarie	Consultation and feedback received from council representatives, local landowners, and Indigenous communities by EnergyCo in FY22/23
First Nations stakeholders	182 interactions, including hosting quarterly Aboriginal Working Group	13 meetings with representatives		First Nations working group to develop First Nations Guidelines	127 interactions, including 6 meetings or briefings	An onsite meeting and site inspection was held on 12 October 2022. Five Registered Aboriginal Parties attended the meeting.
Landowners	Over 2,500 engagements with landowners	436 individual and group landowner meetings	Network projects for the South West REZ are being delivered by Transgrid under the NER framework		88 meetings and 3 dedicated drop-in information sessions	Landowner is Generator Property Management, a government entity
Project developers	Regular fortnightly engagement with Candidate Foundation Generators (trilateral meetings including network operator)	Ongoing engagement with generation and storage developers in the REZ	Formed the Developer Reference Group	Ongoing engagement with generation and storage developers in the REZ		
Community information sessions	19 community information sessions, 345 pop-up engagement events	6 community information sessions, 3 pop-up engagement events			10 community information sessions (including 3 for landowners) with over 275 attendees	

Engagement activity	Central-West Orana REZ	New England REZ	South West REZ	Hunter-Central Coast REZ	Hunter Transmission Project	Waratah Super Battery Project
Mailbox drops with updates	5,592 - Postcards for the EIS exhibition 5,592 - Project updates EIS and Draft declaration amendment				23,500	2,700 in September 2022
Feedback/enquiries	4,460 stakeholder interactions* between 1 July 2023 and 30 June 2024.	161 email enquiries and 157 calls to the project hotline			1,570 stakeholder interactions between 1 July 2023 and 30 June 2024	Received four incoming phone calls and email enquiries

*Includes any point of contact with a stakeholder, such as a phone call, meeting, email, information session, or other activity.

3.4.3 Engagement with Aboriginal and Torres Strait Islander peoples

Aboriginal and Torres Strait Islander people have a pivotal role to play in the State's energy transition. Along with addressing matters of interest and concern, we work with Aboriginal and Torres Strait Islander communities to identify and secure economic, community, and environmental opportunities.

Our approach to engagement is guided by the NSW First Nations Guidelines, working groups for NSW and for REZs in development with relevant NSW representative or policy agencies, and an Aboriginal Procurement Policy.

This year, EnergyCo successfully recruited an Aboriginal Coordination and Outcomes manager to lead engagement with communities. We have also recruited community-facing roles in the Central-West Orana and New England REZs, with plans to extend recruitment to include the Hunter-Central Coast and South West REZs.

Our team members are delivering targeted and sometimes bespoke engagement to meet the needs of Aboriginal and Torres Strait Islander communities. We are working closely with and supporting the aspirations of community working groups, providing culturally respectful and safe environments for their voices and feedback to be heard. The team is collaborating with the community to deliver outcomes via the First Nation Fund, under the Community and Employment Benefit Program. The Fund aims to deliver projects, programs and infrastructure outcomes for Aboriginal Community Controlled Organisations, Local Aboriginal Land Councils, and not-for-profit community organisations in the Central-West Orana REZ. These efforts align with the objectives of the First

Nation Consultation Guidelines (see below) and the EII Act objectives. Details of our engagement activities in each REZ are shown in Table 7 above.

Table 8: First Nations peoples on whose land the REZs and PTIPs are located

Project	
Central-West Orana REZ	Wiradjuri, Wailwan and Kamilaroi people
New England REZ	Biripi, Dainggatti, Nganyaywana, Ngarabal, and Gumbainggir people
South West REZ	Wiradjuri, Yorta Yorta, Baraba Baraba, Wemba Wemba, Wadi Wadi, Madi Madi, Nari Nari, Dadi Dadi, Kureinji, and Yitha Yitha people
Hunter-Central Coast REZ	Awabakal, Bahtabah, Biraban, Darkinjung, Mindaribba, Wanaruah, and Worimi people
Illawarra REZ	Dharawal people
Waratah Super Battery	Awabakal and Darkinjung people
Hunter Transmission Project	Awabakal, Darkinjung, and Wanaruah people The above-listed peoples are associated with the New England, Waratah Super Battery Project, Central West-Orana and Hunter Central Coast, as well as the Gadigal people

First Nations Consultation Guidelines

The First Nations Consultation Guidelines, required by the EII Act, were developed with input from Aboriginal and Torres Strait Islander peoples and communities and will be reviewed at least every two years. The Guidelines:

- provide employment and income opportunities for Aboriginal and Torres Strait Islander people
- outline factors decision-makers should consider when exercising their statutory functions, and
- set expectations for best practice consultation and negotiation with local Aboriginal and Torres Strait Islander communities for projects delivered under the Roadmap.

Representation on working groups

The community working groups included representatives from the NSW Aboriginal Land Council, the National Indigenous Australians Agency, the Aboriginal Employment Strategy, the Department of Regional NSW, the Native Title Service Corporation, NSW Aboriginal Affairs, the NSW Coalition of Aboriginal Regional Alliances, and the former Department of Planning and Environment.

Separate working groups consisting of representatives from local Aboriginal and Torres Strait Islander communities, were created to co-design region-specific guidelines for Central-West Orana and New England.

Aboriginal Procurement Policy

The NSW APP presents a significant opportunity to increase economic participation within the state's Aboriginal and Torres Strait Islander communities. It aims for NSW Government agencies to direct 1% of addressable spend to Aboriginal and Torres Strait Islander businesses, secure 3% of the total number of goods and services contracts, and support 3,000 full-time equivalent job opportunities for Aboriginal and Torres Strait Islander people.

Alongside the APP, EnergyCo's Community Benefit and Employment Program (see Section 3.4.2 above) will support skills development and employment opportunities in delivering PTIPs and REZs. The scheme will allow Aboriginal and Torres Strait Islander people and communities to apply for seed funding to prepare business cases and their applications. EnergyCo will also work to build the capacity of Aboriginal and Torres Strait Islander people and communities with the help of dedicated staff from its First Nations Outcomes team.

3.5 Research and development

NSW's abundant renewable energy resources offer a globally significant opportunity for innovative, long-term thinking, research, and development. This is evident in EnergyCo's contributions to policy development, delivery collaboration, and access and payment schemes.

In NSW policy development, EnergyCo collaborates with the Consumer Trustee, AEMO, Transgrid, and Network Service Providers to deliver an efficient renewable energy system with tangible benefits for local communities, including Aboriginal and Torres Strait Islander peoples. We also contribute to work flowing from the NSW Hydrogen Strategy, particularly in relation to the Illawarra and Hunter-Central Coast REZs and their respective Hydrogen Hubs.

Nationally and internationally, EnergyCo shares knowledge and policy discussions with regulatory and industry bodies in other state jurisdictions and contributes to the national discussion on social licence and benefit sharing. Additionally, EnergyCo also contributes to the International Council on Large Electric Systems (CIGRE), a global community for collaborative development and sharing of power system expertise. EnergyCo authored a research paper for CIGRE titled '*Governments' approaches to drive private investment in renewable energy infrastructure in Australia*'. The paper illustrates NSW's leading approach to decarbonisation of the power system to global developers and investors. Lulu Shao, EnergyCo's Director of Power Systems in the Technical Advisory Services division, is a member of the CIGRE C1 System Development and Economics Australia Panel. This panel has regular industry meetings to address emerging needs, opportunities, and growing uncertainties in the system changes raised by the energy transition.

In benefits delivery, the Strategic Benefit Payments Scheme provides private landowners with material annual payments for hosting network infrastructure. The Scheme is based on extensive research of compensation approaches in other jurisdictions, both nationally and internationally.

In project delivery, EnergyCo works with Transport for NSW on the 'Port to REZ' (P2R) program. The P2R program coordinates and delivers the road upgrades required to support the construction of critical REZ generation and network infrastructure. It will enable:

- safe passage of essential oversize over-mass (OSOM) components, such as wind turbine blades and synchronous condensers
- minimal disruptions and improved safety for other road users; and
- improvements to intersections, pinch-points and passing bays.

The P2R program will also support investigation and planning activities for a logistics precinct at the Port of Newcastle, where OSOMs will be stored and then loaded for delivery.

In skills delivery, EnergyCo is working with TAFE NSW on microskills courses to prepare people for work in the renewable energy sector in NSW. These courses serve a dual purpose: awareness of the types of skills that will be in demand and training people in those specialist areas. The courses target school students, Aboriginal and Torres Strait Islander communities, early-career tradespeople, and others seeking an introduction to the renewable energy sector.

The Technical Advisory Services division is a member of the Australian Power Institute (API) and attends industry events organised by the API. The API runs an undergraduate work experience program for university students in the energy sector, and EnergyCo has participated in this program in 2023 and 2024, welcoming students studying disciplines relevant to EnergyCo's work.

A large group of people, mostly men in business casual attire, are gathered in a spacious hall with a high ceiling and a balcony. They are looking at large-scale maps or documents spread out on long tables in the foreground. The room has a warm, orange-toned wall and a polished wooden floor. A large white number '4' is overlaid on the left side of the image.

4

Management and Accountability

Armidale, New England

4 Management and Accountability

Throughout the financial year, EnergyCo followed Treasury Department or the Department of Climate Change, Energy, the Environment and Water policies and processes for management and accountability throughout the organisation. This section covers:

- EnergyCo's executive remuneration, workforce resources, and consultant expenditure
- mandatory statutory disclosures
- information governance, including privacy and public access of government information, and
- EnergyCo's audit and risk management approaches.

This information is required by legislation or is otherwise material to EnergyCo's stakeholders.

4.1 Executive and workforce resources

Throughout 2023–24, EnergyCo continues to clarify and improve the way it governs and organises its people to deliver its legislative mandates effectively and efficiently and to ensure staff can access the best available expertise to support program delivery.

4.1.1 Senior executive numbers and remuneration

EnergyCo's senior executive numbers, gender and remuneration are identified in Table 9 by band rank. The band ranks are determined by the NSW Public Service Senior Executive Remuneration Management Framework, consistent with the *Government Sector Employment Act 2013* (GSE Act).

Table 9: Reporting year senior executive headcount and average remuneration (as of 30 June 2024)

Senior Executive Band	GSE Act Level	Headcount			Average remuneration
		Female	Male	Total	
Executive Band 3	Deputy Secretary	0	2	2	\$462,969
Executive Band 2	Executive Director	3	3	6	\$361,642
Executive Band 1	Director	6	14	20	\$244,365
Total		9	19	28	

Table 10: Previous year senior executive headcount and average remuneration (as of 30 June 2023)

Senior Executive Band	GSE Act Level	Headcount			Average remuneration
		Female	Male	Total	
Executive Band 3	Deputy Secretary	0	2	2	\$450,323
Executive Band 2	Executive Director	2	2	4	\$352,329
Executive Band 1	Director	2	10	12	\$242,943
Total		4	14	18	

For 2023–24, the monetary value of employment benefits paid to senior executives represented 36.9 per cent of EnergyCo’s employee salary-related expenses.

During 2023–24 we continued to develop our longer-term organisational structure, which included obtaining the Secretary’s approval of senior executive roles, followed by finalising the non-executive roles in the organisational structure. As a result, the percentage of senior executive headcount relative to all employees’ is temporarily high (25.5% as of 30 June 2024), as is the percentage of senior executive expenses relative to total employee expenses. These ratios are expected to reduce across future years as a greater number of non-executive roles are established and progressively filled.

4.1.2 Workforce culture and numbers

EnergyCo is focused on attracting and retaining a talented and diverse workforce in an energy sector facing significant skill shortages and a competitive job market. To do so, EnergyCo is building a high-performing, inclusive, collaborative, and agile organisation.

People Strategy and culture

Since our re-establishment in 2020–21, EnergyCo has significantly expanded its planning and delivery scope. In 2023–24, we have accelerated the delivery of Roadmap infrastructure and shifted focus from state-wide planning to the design and delivery of distinct priority projects. In line with this, EnergyCo has been investing in our workforce.

During the financial year, EnergyCo prioritised and developed a new People Strategy, which was co-designed and developed with strong collaboration throughout the organisation. Being delivered from 2024, in line with the department strategy, the People Strategy will energise and support our people as they help drive NSW’s energy transformation. Its pillars are culture, safety, and wellbeing; professional performance and development; leadership and succession; and role clarity and recruitment. Activities include establishing a Diversity Council and People Committee, supporting staff in their professional development, continuing to deliver our recruitment project and plan to increase internal capability and reduce dependence on contractors, and focusing on health and wellbeing of all people.

Employee data

EnergyCo’s workforce consists of people employed by Treasury (until 1 January 2024) and the department (from 1 January 2024) in the NSW public service under the GSE Act, as well as labour hire and people contracted on a temporary basis to fill vacant roles or people engaged as part of project team to support our program delivery.

As of 30 June, EnergyCo had 28 executive employees and 82 non-executive employees across NSW, with offices located in Sydney, Newcastle and Dubbo. Our Armidale office fit-out will be completed in September 2024.

Table 11: EnergyCo non-executive employees

	Female	Male	Non-identified	Total
On 30 June 2024	39	41	2	82
On 30 June 2023	36	28	2	66

4.1.3 Promotion: Overseas travel

One department employee travelled overseas in 2023–24.

Executive Director Strategy and Policy Chloe Hicks travelled to the USA, Canada, France, Ireland, the UK, Denmark, and Germany between 6 September and 20 October 2023. The travel was fully funded by the Churchill Trust, which awarded Ms Hicks a Churchill Scholarship in 2020 for overseas study. Ms Hicks represented EnergyCo and the NSW Government at major international events, including speaking on a panel at Climate Week in New York and attending the Bloomberg New Energy Finance Summit in London. She promoted investment opportunities in NSW and strengthened NSW's relationship with international investors, experts, and thought leaders.

4.1.4 Employment arrangements

Employees at EnergyCo were employed by Treasury until 1 January 2024 and by the department until 30 June 2024. Human resources services were provided by the department with other shared corporate services including payroll provided by the Department of Planning, Housing, and Infrastructure (formerly the Department of Planning and Environment) through a Service Partnership Agreement.

From 1 July 2024, the Energy Corporation of NSW Staff Agency was established and all EnergyCo employees previously employed by the department were transferred to and are now employed directly by EnergyCo through the Staff Agency.

4.1.5 Consultant expenditure

EnergyCo adheres to the NSW Procurement Policy Framework in procuring external consultancy services. Table 12 below lists the consultancies on which EnergyCo spent over \$50,000 in the financial year, while Table 13 states the total number of consultancies where the engagement was for less than \$50,000.

Table 12: Engagements of \$50,000 and over, 2023–24

Consultant	Project description	Amount (excl GST)
FTI Consulting (Australia) P/L	Technical, commercial, and regulatory expertise and economic modelling for the Central-West Orana, Hunter-Central Coast, and New England REZ projects	\$2,238,051
Deloitte Touche Tohmatsu	Accounting, tax, financial, and commercial advisory services for the Central-West Orana REZ project	\$1,709,996

Consultant	Project description	Amount (excl GST)
ICA Partners Pty Ltd	Advisory services for the implementation of the Transmission Acceleration Facility	\$800,000
ICA Partners Pty Ltd	Strategic, commercial, and financial advice for the New England REZ project	\$242,688
Caroline Taylor	Policy and regulatory advice	\$202,500
ICA Partners Pty Ltd	Strategic commercial, and financial advisory services	\$198,500
Deloitte Touche Tohmatsu	Comprehensive financial capacity assessment for the Central-West Orana REZ project	\$115,768
Engevity Advisory P/L	Advice on REZ regulatory frameworks	\$85,170
Stone, Daniel Charles	Situational analysis & stakeholder management - REZ designated areas	\$69,080
Deloitte Touche Tohmatsu	Support and advise on regulatory deliverables - Waratah Super Battery	\$59,145
The Peak Group (Gridfit)	Credit related to 2022-23 works	- \$111,255

Table 13: Engagements of less than \$50,000, 2023–24

Number of engagements	Total Amount (excl GST)
8	\$125,729

Total expenditure on consultants for 2023-24: \$5,735,371 (excl GST).

4.2 Mandatory disclosures

4.2.1 Principal legislation and legal change

Relevant new and amended Acts and Regulations (2023–24 financial year)

Electricity Infrastructure Investment Amendment (Consumer Trustee and Infrastructure Planner) Regulation 2024
Electricity Infrastructure Investment Amendment (Network Infrastructure) Regulation 2024

Significant judicial decisions affecting agency or users of its services

N/A

Principal legislation administered within the agency

N/A

4.2.2 Land disposal

No land has been sold in the financial year.

4.2.3 Implementation of price determination

EnergyCo is not subject to any determination or recommendation by the Independent Pricing and Regulatory Tribunal.

4.2.4 Economic or other factors affecting achievement of operational objectives

EnergyCo oversees a significant pipeline of projects to meet its mandated objectives. The capacity of the Australian construction industry and supply chain to support multiple electricity infrastructure and other energy sector projects is a critical factor that may impact EnergyCo.

Current economic conditions, material supply, component and commodity price escalation, labour and workforce risks are all closely monitored by EnergyCo and NSW Government stakeholders.

EnergyCo is working in conjunction with the NSW Government, Infrastructure NSW, NSW Treasury and our delivery partners to ensure the impacts and risks are closely monitored and appropriately mitigated.

4.3 Disclosures about this report

This annual report is consistent with NSW Government Annual Reporting Requirements (Treasury Policy Guidelines 23-10).

It is available in electronic format only on the EnergyCo website at www.energyco.nsw.gov.au

The total external costs incurred in the production of this report is \$68,640.

No exemptions have been requested for this report.

4.3.1 Events after the reporting period

EnergyCo's governance changes took effect on 1 July 2024, establishing the Energy Corporation of NSW Staff Agency as an executive agency related to the department, creating a new Board and governance arrangements, and enabling the Board Chair to exercise employer functions for the CEO.

To enable these changes, the Administrative Arrangements Order to amend Schedule 1, Part 2 of the *Government Sector Employment Act 2013* (GSE Act) also took effect on 1 July 2024.

4.4 Information governance

4.4.1 Protecting privacy and personal information

EnergyCo respects the privacy of both our workforce and the members of the public. As an NSW Government agency, EnergyCo must comply with the *Privacy and Personal Information Protection Act 1998* (PPIP Act) and provide a statement of its actions in doing so, including statistical details of any reviews it conducts, or that are conducted on its behalf.

EnergyCo followed the Privacy Management Plan of the Department of Planning and Environment until 31 December 2023 (under a service agreement) and of the Department of Climate Change, Energy, the Environment and Water from 1 January 2024 (being then part of that department). These Plans outline how the departments and related agencies comply with the PPIP Act, including the Information Access & Privacy unit providing privacy advice and training to staff.

In 2023–24, EnergyCo and our service providers in these departments conducted no internal privacy review and received no application for review under Part 5 of the PPIP Act.

The department's Privacy Management Plan is available at:

<https://www.nsw.gov.au/departments-and-agencies/dciths/policies-plans-and-procedures/privacy/privacy-management-plan>

Questions on EnergyCo's Privacy Policy may be directed to the department's Information Access & Privacy unit at privacy.dcceew@environment.nsw.gov.au.

4.4.2 Government Information (Public Access)

The *Government Information (Public Access) Act 2009* (the GIPA Act) provides members of the public with the right to access government information.

EnergyCo complies with the GIPA Act and ensures that responses to requests for information are handled effectively.

During 2023–24, EnergyCo proactively released information and tools to the public, including:

- project updates, consultation updates, regulation and policy updates, media, and resources through the 'Latest updates' page of its website
- information on access schemes, including for the Central-West Orana, South West and New England REZs
- information on the Strategic Benefit Payments Scheme
- information on Pumped Hydro Recoverable Grants, and
- End of Year Briefings.

Under Schedule 3 of the *GIPA Regulation 2018*, EnergyCo is a subsidiary agency for the purposes of the GIPA Act. All statistical information about access applications regarding EnergyCo is included in the annual reports of:

- the NSW Department of Planning and Environment (from 1 July to 31 December 2023), and
- the NSW Department of Climate Change, Energy, the Environment and Water (from 1 January to 30 June 2024).

4.5 Audit and risk management

4.5.1 Internal audit

Internal Audit provided independent review and advisory services to the Secretary and the Audit and Risk Committee (ARC) by:

- providing assurance that EnergyCo's financial and operational controls, designed to manage the organisations and risks and achieve its objectives, are operating in an efficient, effective, and ethical manner, and
- assisting management in providing the business performance of EnergyCo.

In December 2023, EnergyCo transitioned from using shared internal audit arrangements within NSW Treasury to establishing its own internal audit function and ARC.

The EnergyCo's Internal Audit, reporting to the new ARC, commenced in February 2024. The internal audit plan for the 2023–24 financial year included records management. Internal Audit engaged an internal audit supplier to deliver on the internal audit plan for the 2023–24 financial year.

4.5.2 Risk management framework and implementation

Risk management at EnergyCo is a key part of organisational governance, applied to ensure that opportunities are maximised, threats are mitigated, key decision-making is optimally supported, and the control environment is fit for purpose

In the first half of the financial year, EnergyCo applied the NSW Treasury Risk Management Policy and Framework and reported to the NSW Treasury Department ARC.

In January 2024, machinery of government changes resulted in EnergyCo being transferred to the Department of Climate Change, Energy, the Environment and Water, and as a result, EnergyCo was operating within the department's Risk Management Framework.

EnergyCo has since established its own ARC and is developing its own Risk Management Framework. This framework, like those of the Treasury and the department, will be based on *Australian Standard AS ISO 31000:2018 Risk Management Framework* and the *Internal Audit and Risk Management Policy for the General Government Sector TPP20-08* and any other applicable regulatory

requirements. It will also incorporate the Institute of Internal Auditors' 'Three Lines' model for risk governance and oversight. The new framework will be rolled out in the new financial year and will provide a set of procedures to effectively mitigate, manage, and control strategic, project, and operational risks.

4.5.3 Insurance

In 2023–24, EnergyCo met its insurance requirements within the principal departments' insurance arrangement through the NSW Treasury Managed Fund. Motor vehicle insurance is provided by motor vehicle fleet cover.

EnergyCo also has a construction insurance policy from Insurance and Care New South Wales (iCare) for the Hunter Transmission Project.

External service providers are required to provide public liability insurance, workers' compensation insurance, and professional indemnity insurance.

Other project insurances, such as plant and equipment, cover the insurable interests of EnergyCo as required by contracts.

The Network Operator is generally required to notify EnergyCo of any circumstances that may lead to an insurance claim, particularly where EnergyCo is included as an insured party under the relevant policy of insurance. In the event of an insurance claim under the project insurance, the Network Operator deals directly with insurers and loss adjusters and is required to keep EnergyCo informed of all developments.

Insurance coverage is reviewed annually to ensure its adequacy.

4.5.4 Internal Audit and Risk Management Statement, 2023-24

See the next two pages for EnergyCo's Internal Audit and Risk Management Statement for 2023–24.

Internal Audit and Risk Management Attestation Statement for the 2023-24 Financial Year for Energy Corporation of New South Wales

The Board of Energy Corporation of New South Wales is of the opinion that the Energy Corporation of New South Wales has internal audit and risk management processes in operation that are compliant with five (5) Core Requirements and in transition with two (2) Core Requirements set out in the *Internal Audit and Risk Management Policy for the General Government Sector*, specifically:

Core Requirements

For each requirement, please specify whether compliant, non-compliant, or in transition

Risk Management Framework

- | | | |
|-----|---|------------------|
| 1.1 | The Accountable Authority shall accept ultimate responsibility and accountability for risk management in the agency. | Compliant |
| 1.2 | The Accountable Authority shall establish and maintain a risk management framework that is appropriate for the agency. The Accountable Authority shall ensure the framework is consistent with AS ISO 31000:2018. | Compliant |

Internal Audit Function

- | | | |
|-----|--|----------------------|
| 2.1 | The Accountable Authority shall establish and maintain an internal audit function that is appropriate for the agency and fit for purpose. | In transition |
| 2.2 | The Accountable Authority shall ensure the internal audit function operates consistent with the International Standards for Professional Practice for Internal Auditing. | In transition |
| 2.3 | The Accountable Authority shall ensure the agency has an Internal Audit Charter that is consistent with the content of the 'model charter'. | Compliant |

Audit and Risk Committee

- | | | |
|-----|---|------------------|
| 3.1 | The Accountable Authority shall establish and maintain efficient and effective arrangements for independent Audit and Risk Committee oversight to provide advice and guidance to the Accountable Authority on the agency's governance processes, risk management and control frameworks, and its external accountability obligations. | Compliant |
| 3.2 | The Accountable Authority shall ensure the Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'. | Compliant |

Membership

The independent chair and members of the Audit and Risk Committee are:

- Independent Chair, Julie Elliot, from 18 April 2022 to 31 December 2023
- Independent Member, Karen Orvad, from 18 April 2022 to 31 December 2023¹
- Independent Member, Jeremy Chandler, from 1 July 2021 to 31 December 2023
- Independent Member, David Black, from 1 May 2023 to 31 December 2023
- Independent Chair, Paul Knight, from 8 January 2024 to 31 July 2026
- Independent Member, Karen Orvad, from 8 January 2024 to 31 July 2026
- Independent Member, Matthew Irwin, from 8 January 2024 to 31 July 2026
- Independent Member, Donna Rygate, from 8 January 2024 to 31 July 2026.

¹ Ms Karen Orvad's term ended on 31 December 2023 when the shared Audit and Risk Committee arrangements with NSW Treasury ended on 31 December 2023.

Shared Arrangements

The Board of Energy Corporation of New South Wales advises that the Energy Corporation of New South Wales entered into an approved shared arrangement with the following Department for the period from 1 July 2023 to 31 December 2023:

- NSW Treasury.

The resources shared include the Audit and Risk Committee, the Chief Audit Executive and the internal audit function. The shared Audit and Risk Committee was a Principal Led Shared Audit and Risk Committee.

Departures from Core Requirements

The Board of Energy Corporation of New South Wales advise that the internal audit and risk management processes for Energy Corporation of New South Wales depart from the following Core Requirements set out in the *Internal Audit and Risk Management Policy for the General Government Sector*:

1. The departure from the Core Requirements is due to the agency implementing measures to achieve compliance with new policy requirements consistent with the permitted transitional arrangements.

Departure	Reason for departure and description of practicable alternative measures implemented/being implemented
In Transition	
▪ Internal Audit Function 2.1 and 2.2	Until 31 December 2023, the internal audit function was provided under shared arrangements with NSW Treasury. On 21 December 2023, the Secretary of NSW Treasury approved the Internal Audit Charter, establishing the framework for the internal audit function in EnergyCo. On 1 January 2024, the machinery of government changes resulted in EnergyCo being transferred to the Department of Climate Change, Energy, the Environment and Water (DCCEEW). As a result of the above changes, EnergyCo's Internal Audit function was 'in transition' during this period. Since then, EnergyCo has established Internal Audit policies and procedures, appointed the Chief Audit Executive and commenced the auditing cycle. EnergyCo is now 'compliant' with these Core Requirements.

These processes, including the practicable alternative measures implemented, demonstrate that the Energy Corporation of New South Wales has established and maintained frameworks, including systems, processes and procedures for appropriately managing audit and risk within the Energy Corporation of New South Wales.



Mr Paul Binsted in accordance with a resolution of the Board of Energy Corporation of New South Wales

Date: 4 September 2024

Agency Contact Officer:

Mr Anatoli Movsovitch

Director, Governance, Risk and Compliance

A large white number 5 is positioned on the left side of the image, partially overlapping the solar panel array and the sheep. The background shows a herd of sheep grazing in a field with solar panels in the foreground and a hazy landscape in the background.

5

Sustainability

5 Sustainability

EnergyCo's approach to sustainability throughout the financial year focused on its people. As EnergyCo transitioned from NSW Treasury to the Department of Climate Change, Energy, Environment and Water, establishing its own Staff Agency from 1 July 2024, it focused on creating a tailored plan for people and culture that reflected our strategic and human capital priorities. Through the financial year, we implemented a raft of measures that:

- pursue workforce diversity, gender equality, and the employment of Aboriginal and Torres Strait Islander people (including the creation of a Diversity Council)
- engage leadership and the workforce in developing a People Strategy that meets the needs of EnergyCo as we grow and diversify, and
- foster a strong work health, wellbeing, and safety culture.

These and other initiatives will be advanced in the next financial year. See Section 4.1.2 above for information about our People Strategy.

5.1 Workforce diversity

EnergyCo has established a Diversity Council consisting of staff voluntarily helping to drive inclusivity outcomes in line with the department's values. The Diversity Council helps create a workplace where everyone feels welcome and safe, with a focus on cultural and linguistic diversity, pride, First Nations outcomes, gender equality, and disability inclusion. Its focus throughout the year, and continuing into 2024–25, is to advocate for and create positive change within EnergyCo that promotes inclusion and staff voices at all levels, organising events and opportunities to enhance community and belonging, and raising awareness and capabilities for diversity, inclusion, and belonging.

Table 14: Representation of workforce diversity groups

Workforce diversity group	Benchmark (by 2025)	2022–23	2023–24
Women	50%	49.3%	46.4%
Women in leadership	40%	20%	32%
Aboriginal and Torres Strait Islander people	3.3%	3%	3%
People whose first language spoken as a child was not English	23.2%	20.6%	20.6%
People with disability	5.6%	3.4%	3.5%
People with disability requiring work-related adjustment	N/A	N/A	N/A

5.2 Disability Inclusion Action Plans

The *Disability Inclusion Act (2014)* requires all government departments to develop disability inclusion plans, with the NSW Government aiming for 10,000 more people with disabilities to be working by 2025 (5.6% of the workforce).

EnergyCo actively participated in Treasury's Disability Inclusion Action Plan by providing executive sponsorship, contributing to relevant Treasury working groups and sponsoring Treasury's disability internship program.

After becoming part of the Department of Climate Change, Energy, the Environment and Water on 1 January 2024, EnergyCo has been working to align itself with the department's Disability Inclusion Action Plan, which activates the diversity and inclusion element of the department's Strategic Plan and People Strategy. The department is an accredited disability-confident recruiter, assisting in removing barriers in the recruitment and selection process to make it inclusive and accessible for people with disabilities. EnergyCo's Diversity Council and People Committee will support our leadership in building a positive workplace culture, supporting the People Strategy and pursuing its people priorities.

5.3 Work, health and safety

EnergyCo appointed a Director Safety and Assurance in February 2024 to add to relevant and long-standing resources available from the department's Corporate Services. Since then, EnergyCo has developed its own safety procedures, processes, and tools to manage the risks faced by EnergyCo workers. EnergyCo is collaborating closely with other department agencies which share similar risks, such as the Environment Protection Authority, National Parks and Wildlife Services, Forestry, Natural Resources Access Regulator, and Water NSW. This includes developing best practice risk controls, managing aggressive stakeholders, and managing remote and isolated travel and field works.

5.3.1 Aggressive stakeholders

EnergyCo has provided industry leading training to staff members who are most likely to be exposed to aggressive stakeholders. Our continual learning commitment to good engagement practices intend to ensure sensitive stakeholders do not take aggressive actions.

5.3.2 Remote work and regional travel

EnergyCo has trialled various types of communications platforms and devices to determine the combination of technologies that would best to ensure reliable and safe communication for staff working in remote areas. The resulting strategy will be implemented in 2024–25.

EnergyCo's Work Health and Safety Committee continues to provide consultative forums for relevant issues. A request for improved office desk and seating equipment has been endorsed and implemented.

Table 15: Summary of health and safety performance

Measure	2022-23	2023-24
Number of incidents reported (Head Office Sydney)	1	0
Number of events reported to the Dubbo Office	0	0
Number of events reported to the Newcastle Office	0	0
Number of workplace-related lost-time injuries or illnesses	0	0
Prosecutions reported	0	0

5.4 Modern Slavery Act 2018 (NSW)

No issue was raised by the NSW Anti-slavery Commissioner during the reporting period.

The NSW *Modern Slavery Act 2018* came into effect in 2022. The NSW Government and EnergyCo are committed to the eradication of modern slavery, adhering to the NSW Procurement Policy Framework and in accordance with the *Public Works and Procurement Act 1912*.

As EnergyCo is not accredited under the *Public Works and Procurement Act*, we follow procurement processes set by the Department of Planning, Housing, and Infrastructure (the accredited service provider) to ensure that the risks of modern slavery are appropriately managed. Relevant processes include the following steps to ensure that goods and services procured by and for EnergyCo are not the product of modern slavery:

- issuing resources for government agencies on buy.nsw in relation to modern slavery and procurement (for goods and services procurement of \$250,000 or above)
- incorporating modern slavery requirements into government construction templates for suppliers (for construction procurement of \$250,000 or above)
- requiring suppliers to comply with the NSW Government Supplier Code of Conduct through tender documents and contract templates, including obligations related to modern slavery, and
- promoting understanding of modern slavery through Project Procurement branch engagement with the project teams.



6

Financial Performance

Gellen Range Solar Farm



INDEPENDENT AUDITOR'S REPORT

Energy Corporation of New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of Energy Corporation of New South Wales (the Corporation), which comprise the Statement by the Accountable Authority, the Statement of Comprehensive Income for the year ended 30 June 2024, the Statement of Financial Position as at 30 June 2024, the Statement of Changes in Equity and the Statement of Cash Flows, for the year then ended, and notes to the financial statements, including a Statement of Material Accounting Policies, and other explanatory information.

In my opinion, the financial statements:

- have been prepared in accordance with Australian Accounting Standards and the applicable financial reporting requirements of the *Government Sector Finance Act 2018* (GSF Act), the *Government Sector Finance Regulation 2024* (GSF Regulation) and the Treasurer's Directions
- presents fairly the Corporation's financial position, financial performance and cash flows

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Corporation in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants (including Independence Standards)' (APES 110).

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I have fulfilled my other ethical responsibilities in accordance with APES 110.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Other Information

The Corporation's annual report for the year ended 30 June 2024 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The Board of the Corporation is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the draft Annual Report.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Board's Responsibilities for the Financial Statements

The Board is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the GSF Act, GSF Regulation and Treasurer's Directions. The Board's responsibility also includes such internal control as the Board determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Corporation's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

The scope of my audit does not include, nor provide assurance:

- that the Corporation carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.

A handwritten signature in black ink, appearing to read 'Somaiya', is centered within a faint rectangular border.

Somaiya Ahmed
Director, Financial Audit

Delegate of the Auditor-General for New South Wales

28 October 2024
SYDNEY

Energy Corporation of New South Wales

Financial Statements

For the year ended 30 June 2024

Table of contents

Statement by the Accountable Authority	3
Statement of Comprehensive Income.....	4
Statement of Financial Position.....	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
1. Summary of material accounting policies.....	8
2. Expenses excluding losses	11
3. Revenue	13
4. Current assets – cash and cash equivalents	16
5. Current / non-current assets - receivables.....	16
6. Non-current assets – property, plant and equipment	17
7. Leases as a lessee	21
8. Non-current assets - Intangible assets.....	24
9. Fair value measurement of non-financial assets.....	26
10. Current/non-current liabilities – payables	27
11. Current/non-current liabilities – borrowings.....	28
12. Current/non-current liabilities – provisions	30
13. Current/non-current liabilities - contract liabilities	31
14. Reconciliation of cash flows from operating activities to net result.....	31
15. Financial instruments	32
16. Commitments	37
17. Contingent liabilities and contingent assets.....	37
18. Related party disclosure	37
19. Events after reporting date	38

Statement by the Accountable Authority

Pursuant to section 7.6(4) of the *Government Sector Finance Act 2018* (GSF Act), we state on behalf of the Board of Energy Corporation of New South Wales (the Corporation) that these financial statements:

- have been prepared in accordance with the Australian Accounting Standards and the applicable requirements of the GSF Act, the *Government Sector Finance Regulation 2024* and the Treasurer's directions, and
- present fairly the Corporation's financial position, financial performance and cash flows.



Paul Binsted

Chair

25 October 2024



Donna Rygate

Director

25 October 2024

Energy Corporation of New South Wales
Statement of Comprehensive Income for the year ended 30 June 2024

	Notes	Actual 2024 \$'000	Actual 2023 \$'000
Operating expenses excluding losses			
Personnel services expenses	2(a)	16,566	8,822
Other operating expenses	2(b)	48,409	82,559
Depreciation and amortisation	2(c)	1,161	945
Grants and subsidies	2(d)	19,013	22,158
Finance costs	2(e)	107	103
Total expenses excluding losses		85,256	114,587
Revenue			
Sale of goods and services from contracts with customers	3(a)	3,787	18,116
Grants and contributions	3(b)	546,869	117,158
Acceptance by the Crown of personnel service benefits and other liabilities	3(c)	1,099	218
Other revenue	3(d)	5,676	-
Total revenue		557,431	135,492
Net result		472,175	20,905
Total comprehensive income		472,175	20,905

The accompanying notes form part of these financial statements.

Energy Corporation of New South Wales
Statement of Financial Position as at 30 June 2024

	Notes	Actual 2024 \$'000	Actual 2023 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	4	210,422	42,115
Receivables	5	16,756	9,665
Total current assets		227,178	51,780
Non-current assets			
Property plant and equipment	6		
- Land and buildings		16,360	904
- Plant and equipment		914	635
- Work in Progress infrastructure systems		412,013	92,449
Total property plant and equipment		429,287	93,988
Right of use assets	7	3,060	3,784
Intangible assets	8	7,674	189
Prepayments	5	21,259	-
Total non-current assets		461,280	97,961
Total assets		688,458	149,741
LIABILITIES			
Current liabilities			
Payables	10	164,957	93,991
Borrowings	11	47	757
Contract liabilities	13	1,890	6,720
Total current liabilities		166,894	101,468
Non-current liabilities			
Payables	10	53	47
Borrowings	11	2,212	2,157
Provisions	12	254	242
Contract liabilities	13	5,049	4,006
Total non-current liabilities		7,568	6,452
Total liabilities		174,462	107,920
Net assets		513,996	41,821
EQUITY			
Accumulated funds		513,996	41,821
Total equity		513,996	41,821

The accompanying notes form part of these financial statements.

Energy Corporation of New South Wales
Statement of Changes in Equity for the year ended 30 June 2024

	Accumulated funds \$'000	Total equity \$'000
Balance at 1 July 2023	41,821	41,821
Net result for the year	472,175	472,175
Balance at 30 June 2024	513,996	513,996
Balance at 1 July 2022	20,916	20,916
Net result for the year	20,905	20,905
Balance at 30 June 2023	41,821	41,821

The accompanying notes form part of these financial statements.

Energy Corporation of New South Wales
Statement of Cash Flows for the year ended 30 June 2024

	Notes	Actual 2024 \$'000	Actual 2023 \$'000
Cash flows from operating activities			
Payments			
Personnel services		(14,430)	(7,761)
Grants and subsidies		(13,874)	(24,374)
Finance costs		(95)	(103)
Suppliers for goods and services		(122,617)	(40,798)
Total payments		(151,016)	(73,036)
Receipts			
Grants and contributions		546,869	117,158
Sale of goods and services		-	30,800
Other revenue		36,793	22,835
Total receipts		583,662	170,793
Net cash flows from operating activities	14	432,646	97,757
Cash flows from investing activities			
Purchases of property, plant and equipment		(263,684)	(55,397)
Net cash flows from investing activities		(263,684)	(55,397)
Cash flows from financing activities			
Proceeds from borrowings and advances		6	-
Payment of principal portion of lease liabilities		(661)	(245)
Net cash flows from financing activities		(655)	(245)
Net increase/(decrease) in cash		168,307	42,115
Opening cash and cash equivalents		42,115	-
Closing cash and cash equivalents	4	210,422	42,115

The accompanying notes form part of these financial statements.

1. Summary of material accounting policies

(a) Reporting entity

Energy Corporation of NSW (the Corporation) is a reporting entity constituted under *Energy and Utilities Administration Act 1987 (EUA Act)* and has been given additional responsibilities under the *Electricity Infrastructure Investment Act 2020 (EII Act)*. The Corporation became operational on 5 November 2021 with the commencement of the *Renewable Energy Zone (Central-West Orana) Order 2021*. This Order appointed the Corporation as an Infrastructure Planner for the Central-West Orana renewable energy zone upon its commencement.

The principal objective of the Corporation is to lead design, deliver, and coordinate NSW Renewable Energy Zones and other electricity infrastructure (such as broader network solutions) in a way that benefits consumers, investors and regional communities. It does this as the Infrastructure Planner as defined in the *EII Act* and its functions under the *EUA Act*.

The Corporation is a not-for-profit entity, as profit is not its principal objective, and it has no cash generating units. The Corporation is an NSW government entity and is controlled by the State of New South Wales, which is the ultimate parent.

Under *Administrative Changes – Miscellaneous Order (No 6) 2023* effective from 1 January 2024, the Corporation was transferred from NSW Treasury to the Department of Climate Change, Energy, the Environment and Water (DCCEEW).

The *EUA Act* section 9 precluded the Corporation from employing staff during the year ended 30 June 2024, the Corporation utilised personnel services from NSW Treasury (up to 31 December 2023) and DCCEEW from 1 January 2024 to undertake its core tasks and activities in the current year. Administrative, operational and project related assistance was provided by the former Department of Planning and Environment (DPE) until 31 December 2023. From 1 January 2024 onwards the newly formed Department of Planning, Housing and Infrastructure (DPHI) has provided these services.

These financial statements for the year ended 30 June 2024 have been authorised for issue by the Board of the Corporation on the date the accompanying Statement by the Accountable Authority was signed.

(b) Basis of preparation

The Corporation's financial statements are general purpose financial statements which have been prepared on an accrual basis in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- the requirements of the *Government Sector Finance Act 2018 (GSF Act)* and *Government Sector Finance Regulation 2024*; and
- Treasurer's Directions issued under the GSF Act.

Judgements, key assumptions, and estimations management has made are disclosed in the relevant notes to the financial statements.

Property, plant and equipment and certain financial assets and liabilities are measured using the fair value basis. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency, which is the Corporation's presentation and functional currency, except Note 18 which is in whole dollars.

(c) Statement of compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

1. Summary of material accounting policies (continued)

(d) Accounting for the goods and services tax (GST)

Income, expenses, and assets are recognised net of the amount of goods and services tax (GST), except that:

- the amount of GST incurred by the Corporation as a purchaser that is not recoverable from the Australian Taxation Office (ATO) is recognised as part of the cost of acquisition of an asset or as part of an item of expense; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST receivable from or payable to the ATO is included as part of the receivables or payables respectively.

Cash flows are included in the Statement of Cash Flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(e) Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous year for all amounts reported in the financial statements.

Prior year balances in Note 2(b), Note 3(b) and Note 10 have been re-stated to align with current year disclosure.

(f) Going concern

The financial statements have been prepared on a going concern basis as the Corporation receives support in the form of contributions from the principal department, DCCEEW, to meet its debt obligations as and when they become due and payable.

The Corporation received various forms of financial support including from external parties. From financial year 2025-26, NSW Government funding will gradually reduce as revenue from external parties increases.

(g) Changes in accounting policies, including new or revised Australian Accounting Standards

i) Effective for the first time in 2023-24 financial year

AASB 2021-2 *Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definition of Accounting Estimates* is effective for the first time in 2023-24. Accordingly, the Corporation has revised financial statement information to disclose material policy information.

No other new accounting standards or interpretations that applied to the Corporation for the first time in 2023-24 had a material impact on the recognition and measurement of financial statement transactions and balances.

ii) Issued but not yet effective

NSW public sector entities do not adopt new Australian Accounting Standards, unless the NSW Treasury determines otherwise. Australian Accounting Standards that have not been applied and are not yet effective are not expected to materially impact the financial statements in future reporting periods.

(h) Impact of Climate-related matters on financial reporting

No adjustments to the carrying value of assets or liabilities were recognised during the financial year as a result of climate-related risks. No other transactions have been recognised during the financial year specifically due to climate-related risks impacting the Corporation.

1. Summary of material accounting policies (continued)

Climate change is a factor that is becoming increasingly important in the Corporation's operating environment. The Corporation is undertaking work on planning and adapting to respond to climate related risks.

Climate change, for example increased frequency of extreme weather such as floods or bushfires, has the potential to cause damage to the infrastructure under construction and therefore affect the Corporation's existing and future projects, including project costs and delivery timeframes. The Corporation is undertaking work to identify climate change related risks and implement strategies and initiatives to mitigate these risks and where possible, ensure that risks are included in contractual arrangements as required with network operators such that they can be transferred and factored into project schedules and budgets by network operators and insured where possible.

The Corporation's identification and monitoring of climate change related risks is in the early stages of development and will evolve and mature over the coming year to ensure that management is able to monitor and assess the potential impact climate change related matters have on the financial position and performance of our business. Once the risks are quantified and confirmed, this will be done through the monthly management reporting process. No significant financial impact related to climate change related matters has been noted in year ended 30 June 2024.

2. Expenses excluding losses

a) Personnel services expenses

	2024 \$'000	2023 \$'000
Salaries and wages (including annual and sick leave)	13,677	7,594
Superannuation - defined contribution plans	854	474
Long service leave	1,178	273
Payroll tax and fringe benefit tax	791	395
Workers compensation insurance	66	86
	16,566	8,822

Personnel services costs that have been capitalised to property, plant and equipment or intangible assets totalled \$1.92 million (2023: \$0.66 million) and are excluded from the above.

Recognition and measurement

Personnel services

The *EUA Act* section 9 precluded the Corporation from employing staff for the year ended 30 June 2024. Staff were provided under a personnel service agreement (refer to Note 1(a)) for the current financial year. The costs of salaries, wages, superannuation, annual leave, long service leave and sick leave are disclosed as personnel service expenses.

b) Other operating expenses

	2024 \$'000	2023 \$'000
Auditor's remuneration – audit of financial statements	140	150
Board and committee expenses	858	297
Cost of sales	3,787	17,274
Contingent labour	7,531	3,195
Consultancy	1,310	3,258
Contractors*	851	421
Corporate services*	3,009	3,867
Fee for services*	21,492	13,075
Infrastructure planning expenses	4,000	40,000
Legal fees	2,867	209
Other occupancy expenses	410	316
Other operating expenses*	2,154	497
	48,409	82,559

*To better present the expenses of the Corporation, the 2023 comparatives have been restated. Comparatives restated are: \$10.8 million presented in 2023 as Contractors and \$2.3 million presented in 2023 as Corporate services are now presented in Fee for services for 2023, \$0.01 million previously presented as professional membership fees is now presented within Other operating expenses. There is no change to the total other operating expenses for 2023.

2. Expenses excluding losses (continued)

Recognition and measurement

Corporate services

Corporate services include administration, operational and project related assistance provided to the Corporation under a Service Level Agreement and Memorandum of Understandings with DPHI and NSW Telco Authority. These expenses are recognised in line with the terms of the agreements.

Cost of sales

The Corporation incurs various costs associated with its role as Infrastructure Planner on the Waratah Super Battery Project. These costs are recognised as cost of sales. Costs incurred are primarily in the nature of internal labour costs and subcontractor costs and are recoverable under the EII Act. Refer to Note 3 for recovery of the costs recognised on the Waratah Super Battery Project.

Infrastructure planning expenses

During the financial year, the Corporation incurred a milestone payment for the Waratah Super Battery Project (WBS). The costs are expected to be recovered under s66(4) of the *EII Act*.

The prior year balance represents bid cost contributions to the unsuccessful proponents for the Central West Orana Renewable Energy Zone Project. The bid cost contributions will be part of the Infrastructure Planner Fees expected to be recovered from the successful proponent upon signing of relevant contracts.

Insurances

The Corporations activities are covered by the department's insurance policy under the NSW Treasury Managed Fund Scheme of self-insurance for Government entities.

Lease expenses

The Corporation recognises the lease payments associated with the following types of leases as an expense on a straight-line basis:

- Leases that meet the definition of short-term i.e., where the lease term at commencement of the lease is 12 months or less. This excludes leases with a purchase option.
- Leases of assets that are valued at \$10,000 or under when new.

Variable lease payments not included in the measurement of the lease liability (i.e., variable lease payments that do not depend on an index or a rate, initially measured using the index or rate as at the commencement date). These payments are recognised in the period in which the event or condition that triggers those payments occurs.

c) Depreciation and amortisation

	2024 \$'000	2023 \$'000
Depreciation		
Plant and equipment	167	109
Right-of-use asset	946	788
	1,113	897
Amortisation		
Intangibles	48	48
	48	48
	1,161	945

Refer to Notes 6, 7 and 8 for recognition and measurement policies on depreciation and amortisation.

2. Expenses excluding losses (continued)

d) Grants and subsidies

	2024 \$'000	2023 \$'000
Grant expenses	19,013	22,158
	19,013	22,158

Recognition and measurement

Grants and subsidies are generally comprised of contributions to non-government organisations, however in 2024 the majority of grant expense relates to a transfer of grant funding to DCCEEW that is associated with a grant program transferred to DCCEEW as part of the Machinery of Government changes on 1 January 2024. These are expensed when the Corporation transfers control of the relevant assets. The Corporation is deemed to have transferred control when the grant is paid or is payable.

e) Finance costs

	2024 \$'000	2023 \$'000
Interest expense from lease liabilities	95	103
Unwinding of discount on provisions	12	-
	107	103

Recognition and measurement

Finance costs consist of interest and other costs incurred in connection with the borrowing of funds. Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with NSW Treasury's mandate to not-for-profit NSW general government sector entities.

3. Revenue

Income is recognised in accordance with the requirements of AASB 15 *Revenue from Contracts with Customers* or AASB 1058 *Income of Not-for-Profit Entities*, dependent on whether there is a contract with a customer defined by AASB 15 *Revenue from Contracts with Customers*. Comments regarding the accounting policies for the recognition of income are discussed below.

a) Sale of goods and services from contracts with customers

	2024 \$'000	2023 \$'000
Infrastructure planning services	3,787	17,274
Administrative services recoveries	-	842
	3,787	18,116

Revenue from sales of goods and services is recognised when the Corporation satisfies its performance obligations.

3. Revenue (continued)

a) Sale of goods and services from contracts with customers (continued)

Type of Service	Nature of Timing of Satisfaction of Performance Obligation, Including Significant Payment Terms	Revenue Recognition Policies
Infrastructure Planning services	The Corporation provides planning, regulatory approval and other technical support services in its role as Infrastructure Planner on the Waratah Super Battery project. The performance obligations in relation to infrastructure planning services on the project are implied in accordance with the Corporation's role defined in the <i>EII Act</i> and are typically satisfied as costs are incurred for various activities in relation to the services. Payments are received either in advance or at the time-of-service provision.	Revenue is recognised over time as and when performance obligations are satisfied that is, when costs are incurred for various activities performed. The Corporation is entitled to recover its costs under the <i>EII Act</i>. The customers under the project agreement simultaneously receive and consume benefits provided by the Corporation. The Corporation has an enforceable right to payment for services provided. No element of financing is deemed present as payments are received in advance and recognised when services are provided that is, costs incurred.
Administrative Services recoveries	The Corporation in its role as Infrastructure Planner is appointed by the Scheme Financial Vehicle in relation to the access scheme. The Corporation has the responsibility to administer, manage and make payments of money held for use for community purposes. The Corporation is entitled under the <i>Electricity Infrastructure Investment Regulation 2021 (EII Regulation)</i> to recover any associated costs that are incurred during this process.	Revenue is recognised over time as and when performance obligations are satisfied that is, when costs are incurred for various activities performed. No element of financing is deemed present as payments are received in advance and recognised when services are provided that is, costs incurred.

3. Revenue (continued)

b) Grants and contributions

	2024 \$'000	2023 \$'000
Grants without sufficiently specific performance obligations		
Grants - DCCEEW	134,603	-
Grants - NSW Treasury	371,000	117,158
Grants - Climate Change Fund	41,266	-
	546,869	117,158

Prior year balances have been re-stated to align with current year disclosure.

Income from grants without sufficiently specific performance obligations is recognised when the Corporation obtains control over the granted assets (for example, cash).

The Corporation has received funds for the purchase of assets, personnel services and operating expenses.

The following liabilities and/or expenses have been assumed by the Crown or other Government agencies:

c) Acceptance by the Crown of employee benefits and other liabilities

	2024 \$'000	2023 \$'000
Long service leave	1,090	206
Superannuation - defined benefit*	9	12
	1,099	218

* This line item was incorrectly labelled 'Annual leave' in the previous year.

d) Other revenue

	2024 \$'000	2023 \$'000
Project expenditure recoveries	5,676	-
	5,676	-

e) Deemed appropriation

Section 4.7 of the GSF Act defines deemed appropriation money as government money that the Corporation (a GSF agency) receives or recovers (including from the Commonwealth or another entity) of a kind prescribed by the regulations that:

- forms part of the Consolidated Fund; and
- is not appropriated under the authority of an Act.

Under Section 35 of the EUA Act, all moneys received by the Corporation and all funds paid out by the Corporation to meet expenses incurred in connection with the functions of the GSF Act flow through its special deposits account called the Energy Administration Account.

The Corporation therefore does not have any deemed appropriations.

4. Current assets – cash and cash equivalents

	2024 \$'000	2023 \$'000
Cash at bank and on hand	210,422	42,115
	210,422	42,115

For the purpose of the Statement of Cash Flows, cash and cash equivalents include cash at bank, cash on hand and short term deposits.

Refer to Note 15 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

5. Current / non-current assets - receivables

Current assets	2024 \$'000	2023 \$'000
GST receivable	16,545	8,602
Accrued income	-	926
Prepayments	7	91
Other Receivables	204	46
	16,756	9,665

Non-current assets	2024 \$'000	2023 \$'000
Prepayments	21,259	-
	21,259	-

Details regarding credit risk of trade debtors that are neither past due nor impaired are disclosed in Note 15.

Recognition and measurement

The Corporation recognises a financial asset or a financial liability when, and only when, it becomes a party to the contractual provisions of the instrument. To determine when the Corporation becomes a party to the contractual provisions of the instrument, the Corporation considers:

- Whether the Corporation has a legal right to receive cash (financial asset) or a legal obligation to pay cash (financial liability); or
- Whether at least one of the parties has performed under the agreement.

Receivables are initially recognised at fair value plus any directly attributable transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price. The Corporation has no trade receivables at 30 June 2024.

5. Current / non-current assets – receivables (continued)

During 2024, the Corporation has entered into construction easements and construction leases agreements with the landowners (refer to Notes 6, 7 and 8) with permanent easements or switching station land acquisitions occurring following the completion of the construction. As part of these agreements, the Corporation has made advanced payments to the landowners that relate to the future permanent easements and switching station land and these payments are recorded as non-current prepayments. Following the completion of construction, once the final details of the easements and land parcels are known, final payment has been made and control has transferred to the Corporation, the prepayments will be de-recognised with new assets being recognised as intangible assets (permanent easements) and land and buildings (switching station land).

Subsequent measurement

The Corporation holds receivables with the objective to collect the contractual cash flows and therefore measures them at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

6. Non-current assets – property, plant and equipment

	Land and Buildings \$'000	Plant and Equipment \$'000	Work in Progress Infrastructure \$'000	Work in Progress Plant and Equipment \$'000	Total \$'000
At 1 July 2023 - fair value					
Gross carrying amount	904	780	92,449	-	94,133
Accumulated depreciation and impairment	-	(145)	-	-	(145)
Net carrying amount	904	635	92,449	-	93,988
Year ended 30 June 2024					
Net carrying amount at the beginning of the year	904	635	92,449	-	93,988
Additions	-	-	343,176	45	343,221
Depreciation expense	-	(167)	-	-	(167)
Transfers - land capitalisation	15,456	-	(15,456)	-	-
Transfers - intangibles	-	-	(8,156)	401	(7,755)
Net carrying amount at the end of year	16,360	468	412,013	446	429,287
At 30 June 2024 - fair value					
Gross carrying amount	16,360	780	412,013	446	429,599
Accumulated depreciation and impairment	-	(312)	-	-	(312)
Net carrying amount	16,360	468	412,013	446	429,287

6. Non-current assets – property, plant and equipment (continued)

	Land and Buildings \$'000	Plant and Equipment \$'000	Work in Progress Infrastructure \$'000	Work in Progress Plant and Equipment \$'000	Total \$'000
At 1 July 2022 - fair value					
Gross carrying amount	-	271	21,149	-	21,420
Accumulated depreciation and impairment	-	(36)	-	-	(36)
Net carrying amount	-	235	21,149	-	21,384
Year ended 30 June 2023					
Net carrying amount at the beginning of the year	-	235	21,149	-	21,384
Additions	904	509	71,300	-	72,713
Depreciation expense	-	(109)	-	-	(109)
Net carrying amount at the end of year	904	635	92,449	-	93,988
At 30 June 2023 - fair value					
Gross carrying amount	904	780	92,449	-	94,133
Accumulated depreciation and impairment	-	(145)	-	-	(145)
Net carrying amount	904	635	92,449	-	93,988

Recognition and measurement

Acquisition of property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent, that is, deferred payment amount is effectively discounted over the period of credit.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

6. Non-current assets – property, plant and equipment (continued)

During 2023-24 the Corporation has negotiated and entered into Deeds of Agreement for Easements (the Deeds) with landowners in the Central-West Orana Renewable Energy Zone for acquisition of easements and other interests over land. This is to allow construction of renewable energy infrastructure across the Central West Orana region.

All payments made to landowners for various components covered by the Deeds were initially recorded as a capital cost within Work in progress Infrastructure. Based on the nature of the agreements, the cost of different components including Permanent easement, Switching station land, Construction easement and Construction lease are required to be transferred out of Works in Progress Infrastructure and recognised as various non-current assets in the Statement of Financial Position, based on the stage of project delivery. Assets recognised include Non-current prepayments (Note 5), Intangible assets (Note 8), Right-of-Use assets (Note 7) and Work in progress plant and equipment (Note 6).

Capitalisation thresholds

Property, plant and equipment and intangible assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised.

Depreciation of property, plant and equipment

Depreciation is provided for on a straight-line basis for all depreciable assets to write off the depreciable amount of each asset as it is consumed over its useful life to the Corporation.

All material separately identifiable components of assets are depreciated over their shorter useful lives.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end. Depreciation is calculated on a straight-line basis over the estimated useful life of assets as per below. The useful lives of each category of depreciable assets are:

- Computer Hardware – 4 to 5 years
- Office Equipment – 3 to 5 years
- Leasehold improvements – based on the terms of the leasing arrangement
- Plant and equipment depreciation rate in 2024 was 20% (2023:20%)

At 30 June 2024 all infrastructure was under construction and no depreciation has been expensed for this class of asset.

6. Non-current assets – property, plant and equipment (continued)

Right-of-Use Assets acquired by leases

AASB 16 Leases requires a lessee to recognise a right-of-use asset for most leases. The Corporation has elected to present right-of-use assets separately in the Statement of Financial Position. Refer to Note 7 for further information on leases.

Revaluation of property, plant, and equipment

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 21-09) and Treasurer's Direction 'Valuation of Physical Non-Current Assets at Fair Value' (TD 21-05). TPP 21-09 and TD 21-05 adopts fair value in accordance with AASB 13 *Fair Value Measurement* (AASB 13) and AASB 116 *Property, Plant and Equipment*.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and take into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on the use or where there is a feasible higher restricted alternative use.

Fair value of property, plant and equipment is based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Refer Note 9 for further information regarding fair value.

The Corporation assess the value of each class of property, plant and equipment with sufficient regularity to ensure that the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. As land settlements occurred towards the end of financial year and all infrastructure assets were under construction, no comprehensive valuation was required.

Non-specialised assets, such as plant and equipment, with short useful lives, are measured at depreciated historical cost or cost, which for these assets approximates fair value, the Corporation has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

Impairment of property, land and equipment

As a not-for-profit entity, impairment under AASB 136 *Impairment of Assets* is unlikely to arise. Since property, plant and equipment is carried at fair value or an amount that approximates fair value, impairment can only arise in rare circumstances such as where the costs of disposal are material.

The Corporation assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Corporation estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

As a not-for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset.

7. Leases as a lessee

The Corporation leases office accommodation space. Lease contracts are typically made for fixed periods up to five years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

AASB 16 Leases (AASB 16) requires a lessee to recognise a right-of-use asset and a corresponding lease liability for most leases.

Right-of-use assets under leases

The following table presents right-of use assets that do not meet the definition of investment property.

	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$'000
Balance at 1 July 2022	-	-	-
Additions	4,572	-	4,572
Depreciation expense	(788)	-	(788)
Balance at 30 June 2023	3,784	-	3,784
	Land and Buildings \$'000	Plant and Equipment \$'000	Total \$'000
Balance at 1 July 2023	3,784	-	3,784
Transfer in from Work in progress infrastructure*	-	235	235
Transfer out to Work in progress plant and equipment*	-	(13)	(13)
Depreciation expense	(946)	-	(946)
Balance at 30 June 2024	2,838	222	3,060

* Transfer in relates to the recognition of Construction lease as Right-of-use assets originally recorded as Work in progress infrastructure. The associated Right-of-use asset depreciation charge is transferred out to Work in progress plant and equipment (as it forms a part of the cost of the Assets on Switching station land the Construction lease is associated with). Refer to Note 6.

Lease liabilities

	2024 \$'000	2023 \$'000
Balance at 1 July	2,914	-
Additions	-	4,572
Interest expense	95	103
Payments	(756)	(348)
Fit-out payable	-	(1,413)
Balance at 30 June	2,253	2,914

7. Leases as a lessee (continued)

The following amounts were recognised in the Statement of Comprehensive Income during the year where the Corporation is the lessee:

	2024 \$'000	2023 \$'000
Depreciation expense of right-of-use assets	946	788
Interest expense on lease liabilities	95	103
Other occupancy expenses	410	316
Total amount recognised in the Statement of Comprehensive Income	1,451	1,207

The Corporation had total cash outflows for leases of \$0.67 million in 2024 (2023: \$0.25 million).

Recognition and measurement

The Corporation assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Corporation recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets, except for short-term leases and leases of low-value assets.

(i) Right-of-use assets

The Corporation recognises right-of-use assets at the commencement date of the lease (that is, the date the underlying asset is available for use). Right-of-use assets are initially measured at the amount of initial measurement of the lease liability (refer to (ii) Lease liabilities), adjusted by any lease payments made at or before the commencement date and lease incentives, any initial direct costs incurred, and estimated costs of dismantling and removing the asset or restoring the site.

The right-of-use assets are subsequently measured at cost. They are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Corporation at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Construction leases entered into during 2023-24 have been recognised as Right-of-use assets at cost as this is viewed as being equivalent to fair value. Depreciation of the Right-of-use-asset is over the life of the construction leases (generally four years) and the depreciation charge is transferred out to Work in progress property and equipment as the cost is a direct component of the assets on switching station being constructed.

Impairment of right-of-use assets:

The right-of-use assets are also subject to impairment. The Corporation assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Corporation estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. After an impairment loss has been recognised, it is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the net result. As at 30 June 2024, there was no additional impairment (2023: Nil) assessed by the Corporation for its right of use assets in 'other net gains/(losses)' in the Statement of Comprehensive Income.

7. Leases as a lessee (continued)

(ii) Lease liabilities

At the commencement date of the lease, the Corporation recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease payments include:

- fixed payments (including in substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate;
- amounts expected to be paid under residual value guarantees;
- exercise price of purchase options reasonably certain to be exercised by the Corporation; and
- payments of penalties for terminating the lease, if the lease term reflects the Corporation exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Corporation's leases, the lessee's incremental borrowing rate is used, being the rate that the Corporation would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (for example, changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Corporation does not have short-term leases and leases of low-value assets.

Energy Corporation of New South Wales
Notes to the financial statements for the year ended 30 June 2024

8. Non-current assets - Intangible Assets

	Software \$'000	Construction Easements \$'000	Total \$'000
At 1 July 2023 fair value			
Cost (gross carrying amount)	241	-	241
Accumulated amortisation and impairment	(52)	-	(52)
Net carrying amount	189	-	189
Year ended 30 June 2024			
Net carrying amount at the beginning of the year	189	-	189
Transfers in from Work in progress infrastructure*	-	7,921	7,921
Transfers out to Work in progress plant and equipment*	-	(388)	(388)
Amortisation	(48)	-	(48)
Net carrying amount	141	7,533	7,674
At 30 June 2024 - fair value			
Cost (gross carrying amount)	241	7,533	7,774
Accumulated amortisation and impairment	(100)	-	(100)
Net carrying amount	141	7,533	7,674

* Transfer in relates to the recognition of Construction easement as Intangible assets originally recorded as Work in progress infrastructure. The associated Intangible asset amortisation charge is transferred out to Work in progress plant and equipment (as it forms a part of the cost of the Transmission asset the construction easement is associated with). Refer to Note 6.

	Software \$'000	Construction Easements \$'000	Total \$'000
At 1 July 2022 - fair value			
Cost (gross carrying amount)	241	-	241
Accumulated amortisation and impairment	(4)	-	(4)
Net carrying amount	237	-	237
Year ended 30 June 2023			
Net carrying amount at the beginning of the year	237	-	237
Amortisation	(48)	-	(48)
Net carrying amount	189	-	189
At 30 June 2023- fair value			
Cost (gross carrying amount)	241	-	241
Accumulated depreciation and impairment	(52)	-	(52)
Net carrying amount	189	-	189

8. Non-current assets - Intangible assets (continued)

Recognition and measurement

The Corporation recognises intangible assets only if it is probable that future economic benefits will flow to the Corporation and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

Following initial recognition intangible assets are subsequently measured at fair value only if there is an active market. As there is no active market for the Corporation's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

Construction easements entered into during 2023-24 have been recognised as Intangible assets at cost as this is viewed as being equivalent to fair value. Amortisation of the intangible asset is over the life of the construction easement (generally four years) and the amortisation charge is transferred out to Work in progress Property and equipment as the cost is a direct component of the transmission assets being constructed.

All research costs are expensed. Development costs are only capitalised when certain criteria are met.

The useful lives of intangible assets are assessed to be finite. The Corporation's software intangible assets are amortised using the straight-line method over a period of five years. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

9. Fair value measurement of non-financial assets

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell an asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the Corporation categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 – quoted (unadjusted) prices in active markets for identical assets / liabilities that the Corporation can access at the measurement date.
- Level 2 – inputs other than quoted prices included within level 1 that are observable, either directly or indirectly.
- Level 3 – inputs that are not based on observable market data (unobservable inputs).

The fair value hierarchy for plant and equipment and infrastructure work in progress are considered to be level 2.

	Level 1	Level 2	Level 3	Total
At 30 June 2024	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment (Note 6)				
Land and buildings	-	16,360	-	16,360
Plant and equipment	-	914	-	914
Infrastructure	-	412,013	-	412,013
	-	429,287	-	429,287
At 30 June 2023	\$'000	\$'000	\$'000	\$'000
Property, plant and equipment (Note 6)				
Land and buildings	-	904	-	904
Plant and equipment	-	635	-	635
Infrastructure	-	92,449	-	92,449
	-	93,988	-	93,988

There were no transfers between levels during the year. For valuation basis refer Note 6.

10. Current/non-current liabilities – payables

Current payables

	2024 \$'000	2023 \$'000
Trade creditors	5,341	8,492
Accruals	156,853	83,474
Personnel services payable	2,635	1,575
Payable - DPE	-	437
Other payable	128	13
Total current payables	164,957	93,991

Non-current payables

	2024 \$'000	2023 \$'000
Personnel services payable*	30	13
Other payable	23	34
Total non-current payables	53	47

*The 2023 comparatives have been updated to reallocate \$13,000 of personnel services payables from current to non-current.

In accordance with NSW Treasury Circular 15-07 "Financial and Annual Reporting Requirements Arising from Personnel Services arrangements", a liability representing the total amount payable to the personnel services provider is recognised in the Statement of Financial Position. As the Corporation is not an employer, the disclosure requirements of AASB 119 Employee Benefits in respect of employee benefits do not apply.

Details regarding liquidity risk, including a maturity analysis of the above payables are disclosed in Note 15.

Recognition and Measurement

Payables represent liabilities for goods and services provided to the Corporation and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

11. Current/non-current liabilities – borrowings

Current borrowings

	2024	2023
	\$'000	\$'000
Lease liability	47	757
Total current borrowings	47	757

Non-Current borrowings

Lease liability	2,206	2,157
Borrowings - Clean Energy Finance Corporation	6	-
Total non-current borrowings	2,212	2,157

Recognition and measurement

Borrowings classified as financial liabilities at amortised cost are initially measured at fair value, net of directly attributable transaction costs. These are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in net result when the liabilities are derecognised as well as through the amortisation process.

Finance leases and lease liabilities

Finance leases and lease liability are determined in accordance with AASB 16.

Borrowings - Clean Energy Finance Corporation

The Corporation entered into a loan arrangement with the Clean Energy Finance Corporation (CEFC) in May 2024. The loan facility has an upper limit of \$490 million and amounts drawn will be used for acquisition of land and biodiversity offset costs associated with the construction of Central-West Orana Renewable Energy Zone assets. In accordance with AASB 9, the loan has been recorded at fair value net of directly attributable transaction costs. No interest expense has been calculated for the 2024 year as the first component of the loan was drawn down on 26 June 2024. Refer Note 15 for details on financial risks relating to this facility.

11. Current/non-current liabilities – borrowings (continued)

Changes in liabilities arising from financing activities

	Leases	Borrowings - Clean Energy Finance Corporation	Total liabilities from financing activities
	\$'000	\$'000	\$'000
1 July 2022			
Cash flows	(245)	-	(245)
Interest payments (presented as operating cash flows)	(103)	-	(103)
New leases	4,572	-	4,572
Interest expenses	103	-	103
Fit-out payable	(1,413)	-	(1,413)
30 June 2023	2,914	-	2,914
Cash flows	(661)	-	(661)
Interest payments (presented as operating cash flows)	(95)	-	(95)
New loan	-	6	6
Interest expenses	95	-	95
30 June 2024	2,253	6	2,259

12. Current/non-current liabilities – provisions

	2024 \$'000	2023 \$'000
Non-current provisions		
Restoration costs	254	242
Total non-current provisions	254	242

	2024 \$'000	2023 \$'000
Movements in provisions		
Carrying amount at 1 July	242	242
Unwinding of discount rate	12	-
Carrying amount at 30 June	254	242

Recognition and measurement

Other provisions

Restoration costs refer to the present value of estimated cost of make good obligations (in accordance with AASB 137) that will arise when existing office accommodation leases expire. The provision is adjusted annually for unwinding and changes in discount rates. Any cost variations in make good expenses at the time of implementation will be recognised in the Statement of Comprehensive Income.

13. Current/non-current liabilities - contract liabilities

	2024	2023
	\$'000	\$'000
Contract Liabilities - current	1,890	6,720
Contract Liabilities - non-current	5,049	4,006
Total Contract Liabilities	6,939	10,726
	2024	2023
	\$'000	\$'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	3,787	-
Transaction price allocated to the remaining performance obligations from contracts with customers	6,939	10,726

Recognition and measurement

Contract liabilities relate to consideration from customers, received in advance, for Infrastructure planner services. These are recognised over time as and when activities are performed and related costs are incurred. The contract liability balance has decreased during the year due to recognition of revenue for activities performed.

The transaction price allocated to the remaining performance obligations relates to infrastructure planning services. In 2024-25 35 per cent is expected to be recognised as revenue and 65 per cent in 2025-26.

14. Reconciliation of cash flows from operating activities to net result

Reconciliation of cash flows from operating activities to the net result as reported in the Statement of Comprehensive Income as follows:

	2024	2023
	\$'000	\$'000
Net cash used on operating activities	432,646	97,757
Depreciation and amortisation	(1,161)	(945)
Increase/(decrease) in receivables	7,091	(10,090)
Decrease/(increase) in payables	29,824	(55,091)
Decrease/(increase) in provisions	(12)	-
Decrease/(increase) in other liabilities	3,787	(10,726)
Net result	472,175	20,905

15. Financial instruments

The Corporation's principal financial instruments are outlined below. These financial instruments arise directly from the Corporation's operations or are required to finance the Corporation's operations. The Corporation does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Corporation's main risks arising from financial instruments are outlined below, together with the Corporation's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Board of the Corporation is the Accountable Authority but the Chief Executive Officer has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Corporation, to set risk limits and controls and to monitor risks. Currently the Corporation complies with the policies established by DCCEEW which are reviewed by the Corporation and the Corporation's Board on a continuous basis.

(a) Financial instrument categories

			Carrying Amount	
			2024	2023
Class:	Notes	Category	\$'000	\$'000
Financial Assets				
Cash and cash equivalents	4	Amortised cost	210,422	42,115
Receivables ¹	5	Amortised cost	204	972
Financial Liabilities				
Payables ²	10	Financial liabilities at amortised cost	165,010	94,038
Borrowings	11	Financial liabilities at amortised cost	6	-

Notes

¹ Receivables excludes statutory receivables and prepayments, not within scope of AASB 7

² Payables excludes statutory payables and contract liabilities, not within scope of AASB 7.

15. Financial instruments (continued)

(b) Derecognition of financial assets and financial liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the entity transfers its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'passthrough' arrangement; and either:

- the entity has transferred substantially all the risks and rewards of the asset; or
- the entity has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control.

When the Corporation has transferred its rights to receive cash flows from an asset or has entered into a passthrough arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

Where the Corporation has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset continues to be recognised to the extent of the Corporations' continuing involvement in the asset. In that case, the entity also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

(c) Offsetting financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(d) Financial risks

(i) Credit risk

Credit risk arises when there is the possibility of the Corporation's debtors defaulting on their contractual obligations, resulting in a financial loss to the Corporation. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the Corporation, including cash, receivables and deposits. No collateral is held by the Corporation. The Corporation has not granted any financial guarantees. Credit risk associated with the Corporation's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards.

The Corporation considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Corporation may also consider a financial asset to be in default when internal or external information indicates that the Corporation is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Corporation.

15. Financial instruments (continued)

(d) Financial risks (continued)

(i) Credit risk (continued)

Cash comprises bank balances within the NSW Treasury banking system.

The Corporation's trade debtor balance as at 30 June 2024 is nil (30 June 2023: Nil).

(ii) Liquidity risk

Liquidity risk is the risk that the Corporation will be unable to meet its payment obligations when they fall due. The Corporation continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high-quality liquid assets.

During the current and prior year, there were no defaults or breaches of borrowings. No assets have been pledged as collateral. The Corporation's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11-12 Payment of Accounts. For small business suppliers, where terms are not specified, payment is made not later than 5 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received.

15. Financial instruments (continued)

(d) Financial risks (continued)

(ii) Liquidity risk (continued)

The table below summarises the maturity profile of the corporation's financial liabilities, together with the interest rate exposure.

\$'000								
Interest Rate Exposure						Maturity Dates		
	Weighted average effective interest rate	Nominal amount ¹	Fixed Interest Rate	Variable Interest Rate	Non- interest bearing	< 1 yr	1 - 5 yrs	> 5 yrs
	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2024								
Payables	N/A	165,010	-	-	165,010	164,957	53	-
Lease Liability	3.78%	2,253	2,253		-	47	2,206	-
Borrowings-Clean Energy Finance Corporation	4.87%	6	6	-	-	-		6
		167,269	2,259	-	165,010	165,004	2,259	6
2023								
Payables	N/A	94,038	-	-	94,038	93,991	47	-
Lease Liability	3.78%	3,185	3,185	-	-	757	2,428	-
		97,223	3,185	-	94,038	94,748	2,475	-

¹ The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the corporation can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the Statement of Financial Position.

15. Financial instruments (continued)

(d) Financial risks (continued)

(iii) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Corporation's exposure to market risk is limited as it has minimal borrowings and all its deposits are at call. The Corporation has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Corporation operates and the time frame for the assessment (i.e., until the end of the next annual reporting period). The sensitivity analysis is based on risk exposure in existence at the year end. The analysis assumes that all other variables remain constant.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. A reasonably possible change of +/- 1 per cent is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Corporation's exposure to interest rate risk is set out below.

	Carrying amount \$'000	-1% Profit \$'000	Equity \$'000	1% Profit \$'000	Equity \$'000
2024					
Financial assets					
Cash and cash equivalents	210,422	(2,104)	(2,104)	2,104	2,104
Financial liabilities					
Borrowings – Clean Energy Finance Corporation	6	-	-	-	-
2023					
Financial assets					
Cash and cash equivalents	42,115	(421)	(421)	421	421

16. Commitments

	2024 \$'000	2023 \$'000
Capital Commitments		
Aggregate capital expenditure for the acquisition of non-current assets contracted for at balance date and not provided for:		
Within one year	687,308	57,636
Later than one year but not later than five years	71,984	16,540
Later than five years	41,567	-
Total (including GST)	800,859	74,176

17. Contingent liabilities and contingent assets

The Corporation is unaware of the existence of any contingent assets or liabilities as at balance date (2023: nil).

18. Related party disclosure

During the year, the Corporation expensed \$2,113,739 (2023: \$1,875,493) in respect of the key management personnel services.

During the year, the Corporation did not enter into transactions with key management personnel, their close family members and controlled or jointly controlled entities thereof.

During the year, the Corporation entered into transactions with other entities that are controlled / jointly controlled / significantly influenced by NSW Government. These transactions (incurred in the normal course of business) in aggregate are a significant portion of the Corporation's revenue and expenses, and the nature of these significant transactions are detailed below:

Entity	Nature of Transaction
Department of Planning and Environment	Provision of administrative, secretarial support and operational assistance to 31 December 2023.
Department of Planning, Housing and Infrastructure	Provision of administrative, secretarial support and operational assistance from 1 January 2024.
Crown Solicitors Office	Provision of professional legal services and legal advice.
NSW Treasury	Provision of administrative, secretarial support, operational assistance and personnel services. Provision of grant income to cover operational expenses and purchase of property, plant and equipment up to 31 December 2023.
Department of Climate Change, Energy, the Environment and Water	Provision of administrative, secretarial support, operational assistance and personnel services. Provision of grant income to cover operational expenses and purchase of property, plant and equipment from 1 January 2024.
Property and Development NSW	Provision of leased premises.
NSW Telco Authority	Provision of digital connectivity advice on Renewable Energy Zone projects.

19. Events after reporting date

In accordance with *Administrative Arrangements (Administrative Changes – Miscellaneous Order (No 2) 2024* effective 1 July 2024, the Energy Corporation of NSW Staff Agency was established with all employees to be transferred from the Department of Climate Change, Energy, the Environment and Water to the Energy Corporation of New South Wales Staff Agency. As a result of this amendment, for future financial years the Corporation will employ staff and will no longer utilise personnel services from its principal department. Amounts disclosed as payables in 2023-24 that relate to employee benefits will be presented as required by AASB119 *Employee Benefits* in future reporting periods.

The accountable authorities of the Corporation during the financial year were the Secretary of Treasury (between 1 July 2023 to 31 December 2023) under the *Administrative Arrangements (Administrative Changes – Miscellaneous) Order (No 2) 2022*; and the Secretary of DCCEEW (between 1 January 2024 to 30 June 2024) under *Administrative Changes – Miscellaneous Order (No 6) 2023*. The Board of EnergyCo became the accountable authority of the Corporation on 1 July 2024 in accordance with changes to the EUA Act by the *Energy Legislation Amendment Act 2023*. As the Board is the accountable authority as at reporting date, the Chairman and another Board member will sign these financial statements on behalf of the Board.

End of audited financial statements

Sydney NSW 2000

GPO Box 5469
Sydney NSW 2001

W: energyco.nsw.gov.au

Published by Energy Corporation of NSW

Title Energy Corporation of NSW Annual Report 2023-2024

First Published November 2024

Cover image credit: Toby Zerna

Copyright This publication is protected by copyright. With the exception of (a) any coat of arms, logo, trade mark or other branding; (b) any third-party intellectual property; and (c) personal information such as photographs of people, this publication is licensed under the Creative Commons Attribution 3.0 Australia Licence. The licence terms are available at the Creative Commons website at: creativecommons.org/licenses/by/3.0/au/legalcode
Energy Corporation of NSW requires that it be attributed as creator of the licensed material in the following manner: © State of New South Wales (Energy Corporation of NSW), (2024)

Permission to use Subject to the Creative Commons Attribution 3.0 Australia Licence, you may copy, distribute, display, download and otherwise freely deal with this publication for any purpose provided you attribute the Energy Corporation of NSW as the owner. However, you must obtain permission if you wish to charge others for access to the publication (other than at cost); include the publication in advertising or a product for sale; modify the publication; or republish the publication on a website. You may freely link to the publication on a departmental website.

Disclaimer The information contained in this publication is based on knowledge and understanding at the time of writing (October 2024) and may not be accurate, current or complete. The State of New South Wales (including the Energy Corporation of NSW), the author and the publisher take no responsibility, and will accept no liability, for the accuracy, currency, reliability or correctness of any information included in the document (including material provided by third parties). Readers should make their own inquiries and rely on their own advice when making decisions related to material contained in this publication.