

Submission to the National Electricity Market (NEM) Review Initial Consultation

February 2025



**CENTRAL NSW
JOINT ORGANISATION**

- Bathurst
- Blayney
- Cabonne
- Cowra
- Forbes
- Lachlan
- Lithgow
- Oberon
- Orange
- Parkes
- Weddin

11 February 2025

Associate Professor Tim Nelson
Chair
NEM Review Panel
[Submission made via DCCEEW website](#)

Dear Mr Nelson and members of the Review Panel,

Submission to the National Electricity Market (NEM) Review - Initial Consultation

Central NSW Joint Organisation (CNSWJO) speaks with a unified voice for its collective priorities. This region has a proud history of working collaboratively, representing over 180,000 people covering an area of more than 53,000sq kms comprising the local government areas of its membership - Bathurst, Blayney, Cabonne, Cowra, Forbes, Lachlan, Lithgow, Oberon, Orange, Parkes and Weddin.

Tasked with intergovernmental cooperation, leadership and prioritisation, CNSWJO has consulted with its stakeholders to identify key strategic regional priorities. The CNSWJO Strategic Plan can be found here - www.centraljo.nsw.gov.au.

Thank you for the opportunity to provide feedback to the review of the NEM.

For more than a decade it has been CNSWJO Board policy to support an orderly transition to a renewable energy future. This requires not just legislation, but thoughtful implementation including appropriate and timely engagement with communities particularly in regional NSW.

Since 2023 there may be a more coordinated effort emerging in the Renewable Energy Zones (REZs) in NSW; however, there has been little perceived change for the communities of the Central West all of whom are not in the Central West and Orana Renewable Energy Zone.

Through funding from the NSW Government, CNSWJO commissioned Ernst & Young to develop a [business case on the nexus between energy security and emissions reduction](#) (the Business Case). This important piece of work came about through discussions with member councils who expressed concerns that their communities were being negatively impacted by capacity constraints and energy reliability issues in the electricity network in the area. The Business Case found that of the region's 30 distribution zone substations, one-third and their surrounding areas are currently experiencing network constraints, reliability issues, or both.

Through consultation with stakeholders during the development of the Business Case, multiple solutions were proposed and explored. The preferred option addresses not only current and future energy security concerns but also supports emission reduction objectives and achieving state and national net zero targets. The preferred option recommends that the best solution for the Central NSW region is distributed energy resources. This region would welcome an opportunity to present this business case to the Panel.

The CNSWJO Board requests urgent attention be given by all levels of government and industry to distributed energy generation.

However, we know that the grid is not set up to accommodate Distributed Energy Resources (DER), like rooftop solar and battery storage, at scale. Investment in the electricity grid is not progressing quickly enough to enable DER integration without creating power quality issues or curtailing exports.

The CNSWJO Board is also of a view that the current approach through REZs and large-scale wind and solar generation will not get the nation to its net zero targets in time. Better, strategic investment in the network, batteries and distributed energy will deliver faster results.

“A ‘business-as-usual’ approach to energy security and reliability in the region is simply not viable. Residents and businesses are bearing the burden of capacity constrained energy infrastructure and outages, constraining their growth and impacting the quality of their electricity supply. The preferred option will alleviate the issues identified and can be scaled to meet regional growth ambitions, improving energy security and supporting the achievement of local, state and national net zero targets. It is an imperative that action is taken and investment made to support the residents and local businesses of Central NSW.” (CNSWJO Business Case, 2023).

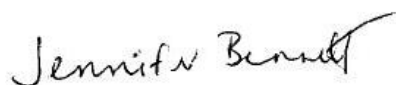
The CNSWJO Board is seeking the NEM Review Panel’s consideration of the significant role that DER can and should play in the NEM particularly for the communities of regional NSW, many of whom are currently not well-served by the grid and continue to experience capacity constraints and reliability issues which is inhibiting economic growth.

For many years, this region, along with others in southern NSW, have been active participants in the Australian Energy Regulator’s (AER’s) 5-yearly pricing determinations. The CNSWJO Board believes that the current network pricing mechanism is antiquated and needs review as it doesn’t allow for innovation between pricing determinations and there is no incentive for network service providers to become more efficient in their operations. It is suggested that the review of the NEM recommends a review of the pricing mechanism for network and transmission network services.

The regulatory framework is not currently enabling the orderly transition to a renewable energy future quickly enough, for example member councils have been requesting interval meters for the past 3 years and they are still in many cases not installed. Power of Choice was supposed to provide easier access to interval meters however this has not been the lived case in our region. Further, changes to network tariffs through the recent AER Determination has led to a very minimal number of tariffs to choose from for new meters and tariff changes where historically consumers were given more choice which allowed them to move to tariffs that suited their site’s profile, however this choice has been significantly limited.

If you require further information or clarification on comments in this submission, please do not hesitate to contact me on 0428 690 935.

Yours sincerely,



Jenny Bennett
Executive Officer
Central NSW Joint Organisation (CNSWJO)