



6 August 2021

Roger Smith
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Powerlink Queensland
Submitted online to: networkassessments@powerlink.com.au

Dear Roger

Submission: Developing the Northern Queensland Renewable Energy Zone

CS Energy welcomes the opportunity to provide a submission to Powerlink's *Consultation Paper – Developing the Northern Queensland Renewable Energy Zone (Consultation Paper)*.

About CS Energy

CS Energy is a Queensland energy company that generates and sells electricity in the National Electricity Market (**NEM**). CS Energy owns and operates the Kogan Creek and Callide B coal-fired power stations and has a 50% share in the Callide C station (which it also operates). CS Energy sells electricity into the NEM from these power stations, as well as electricity generated by other power stations that CS Energy holds the trading rights to.

CS Energy also operates a retail business, offering retail contracts to large commercial and industrial users in Queensland, and is part of the South-East Queensland retail market through our joint venture with Alinta Energy.

CS Energy is 100 percent owned by the Queensland government.

Key recommendations

As the NEM transitions to a system of more variable generation and a lower carbon footprint, the topology of the transmission network will also need to transition to integrate more geographically dispersed generating assets. Renewable Energy Zones (**REZs**) represent an approach that leverages economies of scale through network augmentation to unlock hosting capability for new connections in strategic areas.

The Northern Queensland REZ represents one of three REZs that have been earmarked by the Queensland Government to progress as it pursues its target of 50 per cent renewable energy by 2030, and thus this Consultation Paper sets the precedent on how these REZs may be developed.

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CS Energy is supportive of the transmission network augmentation outlined in the Consultation Paper and the strategic opportunity it represents:

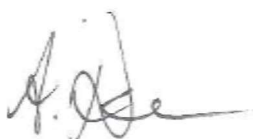
- The proposed energisation of the existing 132 kV coastal double circuit transmission line realises a latent opportunity as the line was built to accommodate 275 kV. In leveraging this existing capability, a third 275 kV transmission line into Woree is established at a more efficient cost while unlocking the potential for 500 MW of new generation;
- There is a clear existing need in the proposed location, with the Cairns region experiencing regular interruptions in power supply, albeit the reliability standard is still maintained. The augmentation thus also maximises the benefit to the Cairns and surrounding community; and
- Additional to the enhanced network reliability and improved security of energy supply, the proposal will increase the resilience of the transmission network to storms and cyclones, increase system strength and reduce system losses.

While the proposed development will provide opportunities for 500 MW of new generation, it is not predetermining these resources nor providing any funding for their connection. CS Energy is supportive of this approach to REZs, with the onus on individual assets to fund connection to the network and remaining technology agnostic. This approach and any learnings should be mirrored in the development of the other Queensland REZs.

CS Energy does consider there to be a need for this funded augmentation process to be as transparent as possible. As this network augmentation is being funded in part by the Queensland Government it does not meet the criteria for the Regulatory Investment Test for Transmission (**RIT-T**). However, the augmentation is not fully funded externally with regulated funds also allocated. For this reason, transparency in funded augmentations will be important as the energy market transitions to avoid inefficient outcomes for consumers.

If you would like to discuss this submission, please contact Henry Gorniak (Market and Power System Specialist) on 0418 380 432 or hgorniak@csenergy.com.au.

Yours sincerely



Alison Demaria
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