Energyco update

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# 2024 update and 2025 lookahead

There was a bit to learn from the webinar held 10 December by Energyco. Essentially a new organization having grown from 20 ti 200 people in three years and with a new Board headed by Paul Binsted. And now also a new CEO. I have high confidence int the Board, Wonhas developed the ISP, Binsted did a great job as Chair of Stanwell, Colvin has a strong reputation in social license. The new CEO is much travelled career wise most recently being a senior adviser at ClimateWorks having also worked at Ausgrid, Gelion, APA and British Gas according to her LinkedIn profile.

I don’t propose to go into much detail about Energyco in this note but just to comment that:

1. The webinar did not address the issue of ensuring that the renewable developers will build the plant they have committed to. At the moment my strong understanding is that the developers wont commit until there is complete assurance that the transmission will be ready on time Since the coal generators are definitely closing by the early 2030s and will likely become even more unreliable well before then its not an issue that can be ignored. The job requires that all the things necessary to keep the lights on be achieved. That involves the transmission, the connections modelling, the social licence and that the generation be buit. At the moment my sense is that the NSW Govt is fully aware of the issue but just unprepared to tackle it.
2. I was personally unhappy with Andrew Kingsmill’s response to a question about the SW REZ. Andrew stated that the Orana zone requires 100 km of new transmission (plus some reinforcement downstream) and that the New England zone requires 250 km. However according to Andrew the SW Zone requires 500 km. That for sure is fair enough as far as it goes and the SW Zone from a Sydney perspective requires not just Humelink but also significant reinforcement of the Southern Sydney Loop. However the SW zone is so attracdtive from a resource and social license perspective and is also very well located from a NEM perspective with connections via VNI West to Victdoria and Energy Connect to South Australia as well as Humelink that I just dont think that answer is forward thinking enough. Equally the quality of developer in the area and the project approvals that have already been obtained are way better than those in New England. In simple english New Englanders are full of Barnaby Joyce types who would not know a good idea if it hit them on the head whereas Riverina people and councils are interested in regional development. Technically its likely that SW developement excluding transmission is cheaper as its flat ground which makes crane access far more straightforward.
* Equally its an EnergyCo Director Alex Wonhas who has written about using batteries to avoid the N-1 issues of double circuit lines, an idea basically poo poohed by Kingsmill who said that batteries could only offer minor improvements to line capacity. An alternative view is that batteries could double capacity. At the very least 4GW switchgear could be used at Humelink even though I will guess it wont be. Certtainly they would be big batteries. If there was 4 GW going through Humelink and one circuit trips within 30 minutes AEMO needs to be secure for the loss of the second circuit, or so I’m told. Obviously I don’t know. I’m a financial analyst,
* On the EnergyInsiders podcast we discussed the transmission links to the SW Zone with Brett Redman CEO of Transgrid who also expressed reservations. On the other hand Wonhas was very positive. So its clear that what the developers want and what the transmission people want are at odds. In my view this needs to be sorted out. Otherwise I expect the renewable developers may well take things into their own hands as Westwind has hinted at doing in Victoria. Certainly a far more cohesive and thoughtful response is required than it was possible for Andrew Kingsmill to give in a 30 second response to a question.

In summary Energyco is well on its journey now but its far, far too early to call it a success. Major issues still need to be sorted out. In particular I do think EnergyCo needs to be flexible, and to be fair it has shown flexibility but also to think very hard about where the generation should be build and to ensure it is built by 2030.