

Election Costing Request Form

| Details of request | |
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| Party: | Australian Labor Party (NSW Branch) |
| Name of Policy: | Clean and affordable energy plan – reverse auctions for additional clean energy generation (updated 3) |
| Date of request: | 30 January 2019 |

| Description of policy | |
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| Summary of policy (please attach copies of relevant policy documents and include information on what the policy aims to achieve): | Establish a reverse auction regime, modelled that of the Victorian Government, to contract new, large scale renewable energy generation, storage and firming capacity over the forward estimates. |
| Has the policy been publicly released yet? | |

| | 2018/19 \$'000 | 2019/20 \$'000 | 2020/21 \$'000 | 2021/22 \$'000 | Total \$'000 |
|---|-------------------|-------------------|-------------------|-------------------|-----------------|
| Impact on GGS expenses | | | | | |
| Impact on GGS revenue | | | | | |
| Impact on General Government Sector (GGS) net operating result ¹ | | | | | |
| Impact on GGS capital expenditure ² | | | | | |
| Impact on GGS net lending/borrowing | | | | | |

Note: Has the policy been costed by a third party?
If yes, can you provide a copy of this costing and its assumptions?

¹ Negative for a saving that reduces expenditure

² Negative for a reduction in capital expenditure.

| Key assumptions made in the policy | |
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| Does the policy relate to a previous announcement? If yes, which announcement? | |
| <p>What assumptions have been made in deriving the financial impacts in your estimated costing? <i>(See checklist)</i></p> | <p>Adopt a reverse auction regime broadly modelled on the Victorian Government approach except where otherwise stated.</p> <p>The policy being proposed would include four reverse auction rounds (see below) over the forward estimates to deliver 3.085 gigawatts of renewable energy. (Additional rounds would be held beyond the forward estimates.)</p> <p>Winning a reverse auction would not attract an immediate or guaranteed payment from government. Payments would be conditional on the successful completion of the generation project and delivery of energy.</p> <p>Planning approval for new generation is expected to take 12 months and construction is expected to take a further 18 months. As such costs to government for the reverse auctions (excluding departmental administration expenses) would commence from 2.5 years after the relevant auction.</p> <p>The contract price would be determined by the outcome of a competitive auction. It would be expected that the contracted price would fall (or at least be no more expensive) with each new auction round.</p> <p><u>Auction schedule</u></p> <p>1st auction – Sept 2020 – 525 MW (Not operational before March 2023)</p> <p>2nd auction – March 2021 – 660 MW (Not operational before Sept 2023)</p> <p>3rd auction – Sept 2021 – 950 MW (Not operational before March 2024)</p> <p>4th auction – March 2022 – 950 MW.</p> |
| Is there a range for the costing or any sensitivity analysis that you have undertaken? | No. |

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| Are there associated savings, offsets or, in the case of a revenue proposal, offsetting expenses? If yes, please provide details. | Administrative expenses should be met from within existing resources. |
| Are there significant costs or savings outside the forward estimates period which should be considered in costing this policy? ³ | No. |

| Administration of policy | |
|--|---|
| Intended date of implementation: | 1 July 2019 |
| Intended duration of policy ⁴ : | Ongoing. |
| Who will administer the policy (e.g. Government entity, non-government organisation, etc.)? | Department of Planning and Environment. |
| Are there any specific administrative arrangements for the policy that need to be taken into account (e.g. agreements between different levels of government)? | Legislative change may be required. |
| Are there transitional arrangements associated with policy implementation? | No. |

| If the policy is mainly an expenditure⁵ commitment | |
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| Demand driven or a capped amount: | Uncapped. |
| Eligibility criteria or thresholds: | Consistent with Victorian model. |

³ Particularly important for large projects with long lead times, policies with a delayed timetable for implementation, or policies where up-front investment is required to achieve long term savings.

⁴ Where a policy is intended to be ongoing, please indicate "ongoing" in the space to the right

⁵ Expenditure is operating expenses, e.g. salaries, interest cost and grants. Expenditures are fully included in the impact on operating balance.