

C L I F F O R D

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ENERGY & INFRA UPDATES
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What's new in Australia's Energy Transition?
The latest infrastructure and energy update



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1

Changes that make it easier for grid-scaled batteries to participate in the Australian national electricity market

Key takeaway

Changes make it easier for grid-scale batteries to participate in the Australian national electricity market (NEM). They reflect the Australian Energy Market Operator's commitment to support the integration of batteries into the future power system and growing momentum for investments by private capital in battery projects.

Key details

On 2 June 2024 and 3 June 2024, the following changes were implemented as part of the NEM reform program:

- 1) introduction of a single NEM registration category referred to as the “Integrated Resource Provider” that will cover storage projects and hybrid projects; and
- 2) changes to settlement and non-energy cost recovery.

The introduction of the single NEM registration category simplifies and streamlines the registration process for battery energy storage systems. In the past, assets with bi-directional flows, such as batteries, were required to register as both a generating participant and a customer. Now, batteries can register, bid and dispatch as a single unit.

The changes to settlement and non-energy cost recovery reflect a move from a category-based approach to a directional approach, with cost recovery now to be based on “sent out” and “consumed” energy rather than “generator” and “customer” energy.

2

Expanding the declared areas for investment into Australian offshore wind

Key takeaway

A fourth officially declared offshore wind area in Australia off the coast of Illawarra has potential to generate an estimated 2.9GW of electricity, which could power up to 1.8 million homes. The other three declared offshore wind areas in Australia are off the coast of Gippsland VIC, Hunter NSW and Portland VIC.

Key details

On 15 June 2024, the Minister for Climate Change and Energy declared a fourth offshore wind zone in an area in the Pacific Ocean off Illawarra, New South Wales (NSW) for offshore renewable energy. This was given effect by the *Offshore Electricity Infrastructure (Declared Area OEI-02-2024) Declaration 2024*. The declared area covers 1,022km² and is at least 20km offshore from Wombarra to Kiama in NSW.

Feasibility licence applications are now open until 15 August 2024. The Offshore Infrastructure Registrar will lead assessments of all applications against the criteria set out in the *Offshore Electricity Infrastructure Regulations 2022*.

To date, feasibility licenses have been awarded to six projects in the Gippsland offshore wind area with another six expected to be granted following First Nations consultation, and on 20 June 2024 the first preliminary offer for a feasibility licence in the Hunter offshore wind area was granted for the potential Novocastrian Offshore Wind Farm.

3

Support for investing in gas as part of the energy transition in Australia

Key takeaway

The Future Gas Strategy reflects the government's support for gas as part of the energy transition in Australia and presents an opportunity for investors to participate in the gas value chain (including in the midstream such as pipelines, storage and processing facilities that can offer 'infrastructure like' characteristics for private capital investors).

Key details

The Strategy was released on 9 May 2024 and reflects the Australian Government's intention to continue expanding the gas industry in the coming decade. Investment in carbon capture and storage projects is likely to be a key area of growth and present opportunities for energy companies to leverage their existing experience in other jurisdictions and bring that knowledge and technology to bear in Australia. Investment in the decommissioning industry is also likely to grow and Australia has the potential to become a market leader across APAC.

While the Strategy commits Australia to continued exports of liquefied natural gas (LNG), the Strategy also highlights the Government's continued focus on retaining sufficient domestic supplies of gas. This support for investment is welcome in light of repeated supply warnings in the gas market, further endorsed by the Australian Energy Market Operator who has forecasted for some time a gap in gas supply for power generation where variable energy sources cannot meet demand, with its latest warning delivered on 21 June 2024 following low wind power generation amid a cold snap in the Australian east coast.

We have published a briefing on this topic which can be accessed via [this link](#).

4

Get ready for mandatory climate-related financial reporting in Australia

Key takeaway

A new mandatory climate-related financial reporting regime is proposed to take effect on and from 1 January 2025 and will impact a broad range of Australian companies. It will be important for reporting entities, their investors and the directors who sit on the boards of those entities to understand the consequences of non-compliance which may include regulatory investigations and/or civil liability.

Key details

The Treasury Laws Amendment (Financial Market Infrastructure and Other Measures) Bill 2024 (Cth) was recently introduced into Parliament which proposes a series of amendments to the Corporations Act 2001 (Cth) to implement a mandatory climate reporting regime in Australia to take effect on and from 1 January 2025 via a phased implementation process.

New climate-related financial disclosures would need to be incorporated into an annual 'sustainability report' in addition to existing obligations for entities to prepare annual financial reports under Chapter 2M of the Corporations Act. It may not be possible for entities with global operations to rely on the reports of their foreign parent companies to satisfy these new requirements which means the relevant reporting will need to occur at the 'regional' Australian level. Climate related disclosures will be subject to existing liabilities under the Corporations Act, ASIC Act and Australian Consumer Law, however a modified liability regime will apply in the first three years of the Bill's operation.

We have published a briefing on this topic which can be accessed via [this link](#).

5

New method proposals sought to facilitate investment in the Australian carbon credit market

Key takeaway

An EOI process is currently underway seeking proposals for new methods of generating Australian Carbon Credit Units (ACCUs) to facilitate the continued investment in the carbon credit market in Australia.

Key details

In May 2024 the Department for Climate Change, Energy, the Environment and Water (DCCEEW) announced that it will be accepting proposals for new methods of generating ACCUs, actioning the recommendation from the ACCU independent review towards a more proponent-led method development process. The transparency and integrity of the ACCU methods is necessary to facilitate the continued investment into carbon abatement projects in Australia as it underpins the ability of investors to register their projects under the ACCU scheme and generate ACCUs (and therefore revenue).

The process of developing a new ACCU scheme method proposals will be through a submission of an expression of interest (EOI) that will be assessed by the Emissions Reduction Assurance Committee (ERAC) using the following triage criteria to make recommendations to the Minister for Climate Change and Energy on which methods to make: (i) primary triage criteria, considering the scale of abatement and the complexity of the proposed method; and (ii) secondary triage criteria, considering whether a proposal incentivises innovation, generates social, environmental, economic or cultural co-benefits, and any potential adverse impacts.

The deadline for the first round of submissions of EOIs is 12 July 2024.

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