Level 15, 222 Exhibition Street T: +61 3 9929 4100
Melbourne VIC 3000 F: +61 3 9929 4101
Australia E: info@cleanenergycouncil.org.au
cleanenergycouncil.org.au
ABN: 84 127 102 443

14 July 2017

Kiet Lee
Network Planning
Australian Energy Market Operator
Phone: (02) 8884 5620
Email: kiet.lee@aemo.com.au

Dear Kiet Lee,

RE: Western Victoria Renewable Integration: Project Specification Consultation Report

The Clean Energy Council (CEC) is the peak body for the clean energy industry in Australia. We represent and work with hundreds of leading businesses operating in solar, wind, energy efficiency, hydro, bioenergy, energy storage, geothermal and marine along with more than 4000 solar installers. We are committed to accelerating the transformation of Australia's energy system to one that is smarter and cleaner.

We are writing in response to the Western Victoria Regulatory Investment Test for Transmission (RIT-T) process currently underway. The following sections outline our high level response to the first stage of the AEMO RIT-T process.

The need for transmission investment is clear

Increased transmission capability is essential for supporting the energy transformation that is currently underway. This year has seen unprecedented investment in renewable energy projects in Australia, and this is supported by AEMO's identification of a high level of interest in renewable generation connections in Western Victoria. Therefore, more transmission will be required to support a high penetration of renewables, and it is critical that investment in transmission is undertaken in a way that identifies the best economic cost-benefit outcomes.

As the NEM transitions from a network based on centralised, synchronous generation to decentralised, renewable plant, the CEC believes considered planning and a clear transition strategy are essential to provide strong signals for investment in renewable projects. We are

supportive of this RIT-T process, as a means of providing a long-term planning strategy for guiding investment in new transmission that is required.

Without a clear strategy for transmission investment, new renewable generators seeking connections will be disadvantaged and constrained as the network is unable to adequately support their deployment. The absence of planning and investment strategy will result in negative impacts on system reliability, which is out-of-step with the current energy market reforms underway in the NEM, such as the Finkel Review and the AEMC's System Security Market Frameworks Review.

Addressing the identified need

AEMO presents five potential options that could address the identified needs for transmission investment in Western Victoria. AEMO stated that it is likely that a combination of the potential options will be the optimal preferred outcome. We are of the view that while transmission investment decisions must best address the identified need in the most cost-effective way, investment decisions should also represent a balance between strategic long-term planning and speed of deployment.

As such, the CEC requests AEMO consider a combination of options that will not stall the deployment of current projects in the pipeline, and provide an environment of long-term planning. This could potentially result in a combination of minor network augmentations and development of new 220 kV or 500 kV transmission capacity, depending upon the projected level of deployment.

Non-network options have potential dependent upon the outcomes of the economic analysis, and the non-network options presented to address thermal limitations and increase local fault levels should be considered with the package of options presented in this RIT-T process. It is not preferred that its consideration is delayed for the determination of the AEMC's draft rule change on Managing power system fault levels.

The need for progress

It is important that the deployment of projects incentivised through the VRET scheme is not hampered by insufficient transmission capacity or delays to transmission investment in the Western Victorian region. This would place system strength limitations on new asynchronous generators or compromise existing generation. As the AEMC's System Security Frameworks Review has been progressed to clarify the roles and responsibilities of the TNSPs and generators for managing system strength, the RIT-T process should also be progressed in a timely manner.

The regulatory test should deliver on nation-building infrastructure needed to develop renewable energy investment in the region. The Finkel Review recommends that AEMO should develop an integrated grid plan to facilitate the efficient development and connection of renewable energy zones, and the RIT-T process could support this recommendation. The CEC supports a collaborative approach for opportunities for investment in transmission infrastructure that can open up new renewable energy regions. While the CEC supports the development of such plans in a way that aligns to the regulated network investment regime, this regime should not be considered a barrier to the development of nation-building infrastructure that delivers significant value for decades to come.

The RIT-T process is crucial for the ongoing deployment of renewable projects in Western Victoria. We thank AEMO for the opportunity to provide views on these matters. Please contact the undersigned or Emma White (03 9929 4107) for any queries regarding this submission.

Sincerely,

Tom Butler, Director – Energy Transformation
Direct +61 3 9929 4142
Mobile +61 431 248 097
Email tbutler@cleanenergycouncil.org.au