

25 February 2019

Ms Tania McIntyre
Australian Energy Market Operator
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By email: Tania.McIntyre@aemo.com.au
WestVicRITT@aemo.com.au

Dear Tania

Proposed WestVic transmission augmentation

The Major Energy Users (MEU) welcomes the opportunity to provide its views to the request for consultation on the proposed WestVic transmission network augmentation.

Thank you for organising the consumer briefing for the West Vic proposed transmission augmentation and taking us through the RIT-T process. Could you please pass onto the presenters our thanks for putting the effort into explaining what is proposed and why.

The MEU notes that the proposed WestVic project is a part of the Integrated System Plan (ISP) proposed for the National Electricity Market (NEM) and the MEU recognises the importance of increased inter-connection and intra-connection of the electricity transmission networks as the electricity market transitions away from centralised electricity generation and towards greater diversity of supply and the increasing use of renewable generation. We see the WestVic project is an important element in the overall expansion of the transmission network as we move to the new paradigm.

During the discussion with consumer representatives, there were a number of points that were raised that we consider AEMO should address as part of the final stage of the RIT-T process (ie release of the project assessment completion report PACR) before the AER starts its involvement in the project approval process.

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) While AEMO stated that need for the WestVic project arises from the Victorian government's renewable energy target (VRET), the MEU notes there were new additional programs announced by the Victorian government as part of its re-election last year. While these new renewable energy projects were targeted to households and other smaller users of energy (eg incentives for rooftop PV and batteries), the MEU sees that they will have an impact on the overall Victorian energy market and so the PACR needs to ensure that the effects of these new programs are integrated into the final assessment.

) The MEU is very concerned that the WestVic project has not fully addressed the impacts of its operation on those of Murraylink and the proposed Riverlink interconnectors. We note the statement that AEMO has checked to see the WestVic project does not deliver any negative impacts on these other two interconnectors, but the MEU would like to see that the WestVic project is structured to ensure there are positive impacts.

- o This applies especially to Murraylink where consumers have been paying full value for a 220 MW interconnector for over 15 years, but where Murraylink does not provide its value to consumers when it is most needed due primarily to constraints in western Victoria and the SA river land. We would want to see the WestVic project structured so that Murraylink can deliver its full value at all times.
- o In the case of Riverlink, the MEU is concerned that by providing greater access of renewable generation in Victoria's northwest, this will allow greater generation flows into Buronga which will be a key connection point for the new Riverlink interconnector. Increased injection into Buronga which might provide value to Victorian consumers and the new renewable generation built in the northwest, it also has the potential to limit flows between SA and NSW to the disadvantage of consumers in those states. We would like to see that the WestVic project is fully integrated with the rest of the interconnection between regions so that all of the existing transmission network is enhanced as well as the enhancement that should ensue from the new assets planned.

) We note that the proposed option will be developed in three stages, viz:

1. Minor transmission line upgrades on the Red Cliffs to Wemen to Kerang to Bendigo, and Moorabool to Terang to Ballarat, 220 kV transmission lines
2. New 220 kV double circuit transmission lines from Ballarat to Bulgana
3. New 500 kV double circuit transmission lines from Sydenham to Ballarat connecting two new 1,000 MVA 500/220 kV transformers at Ballarat

As the overall project is expected to be completed over a 6-7 year window, the MEU considers that the PACR should

- Separately highlight the costs and benefits for each of the three stages of the project
- As the timing of the two later stages is so far into the future, the PACR should include a requirement that there will be a review of these later stages to verify (or otherwise) that the assumptions made supporting these expansions are still valid and that other changes in the market do not lead to a different conclusion to what is proposed

We appreciate the opportunity to have provided this input into this AEMO project. Should you wish for amplification of any of the comments provided, we would be pleased to expand on our views.

The MEU is keen to continue to be involved in this review and we request that you keep the undersigned aware of any future discussions and requests for further stakeholder involvement on this review.

Yours faithfully

A handwritten signature in black ink, appearing to read "David Headberry". The signature is written in a cursive style with a prominent loop at the end.

David Headberry
Public Officer