

30 June 2020

Ms Audrey Zibelman
Chief Executive
Australian Energy Market Operator

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Dear Ms Zibelman,

Response to Australian Energy Market Operator's Renewable Integration Study Stage 1

Energy Networks Australia welcomes the opportunity to provide a submission to the Australian Energy Market Operator's (AEMOs) Renewable Integration Study Stage 1 (RIS).

Energy Networks Australia is the national industry body representing businesses operating Australia's electricity transmission and distribution and gas distribution networks. Member businesses provide energy to virtually every household and business in Australia.

Energy Networks Australia supports AEMO's work in assessing the technical limits and requirements of the power system under future scenarios that are critical to maintaining secure electricity supply to all consumers. When the study commenced in mid-2019, the initial assumptions included the 2018 ISP neutral scenario generation mix and certain network configurations based on Group 1 ISP projects and Project Energy Connect.

AEMO is about to release the mid 2020 ISP in late July. Energy Networks Australia note that there have been a number of energy policies released recently that may impact the final 2020 ISP. There may be benefit in AEMO reviewing the RIS workplan and priorities, in relation to the generation mix and network configurations in the final 2020 ISP, to ensure that actions are commissioned in the power system in a timely manner.

From a transmission perspective, we note that system strength and inertia shortfalls have been declared in many NEM States. Improved coordination of system strength (and inertia) in a proactive, forward looking manner aligned to the ISP would be beneficial. Transmission businesses are well placed to procure these services in a transparent and robust manner with AER determination of final project costs.

The rapid integration of renewables in the NEM has meant that in certain States the system is operating close to its limits and further work to clarify issues, undertake rule changes and build assets, processes or systems to alleviate the operational risks is required.

We applaud the significant technical work undertaken by the RIS and we have some suggestions for future stages that will improve outcomes for all stakeholders.

Where AEMO is leading work streams (as opposed to ESB) there is benefit in AEMO providing a more detailed plan on how stakeholder engagement, including with consumers, will be undertaken. This stakeholder engagement plan should indicate the

method of engagement and the timing of any engagement. Engagement should also occur throughout the work, not only on completion. Communications should be clear and use approachable language suitable for non-technical audiences. This will ensure that stakeholder consultation is meaningful and results in beneficial outcomes.

This is critical when seeking to manage consumer assets. Consumers need to fully understand the requirement for any technical approach as well as understand the impact on their assets, their original investment decisions and their responsibilities.

While there is clearly an urgent need, in specific locations, to resolve these technical issues, the process should not exclude discussions with consumers and Network Service Providers (NSPs). Many of the solutions proposed in the RIS have major impacts on consumers and delivering clarity on the approach in all public communications would avoid unnecessary alarm.

We recommend that any proposed solution not only be tested with consumers and NSPs directly, but also fully consider the costs and benefits of any solution before its implementation. This is essential given the requirements of the National Electricity Objective (NEO) to ensure that activities are in the best long-term interests of consumers. Expediency in addressing a technical need may result in the long-term interests of consumers being overlooked.

Additionally, there are established regulatory processes that ensure any new approaches and/or rule changes are managed in a balanced and transparent way that includes stakeholder consultation. This ensures all stakeholders, including consumers, have proper oversight and involvement in proposals to better manage renewable integration.

The challenges of integrating renewable generation, particularly residential and smaller-scale solar PV, are not uniform across Australia, or indeed a given NSP area. Solutions must therefore be developed with NSPs since they will have the best understanding of the local impact of system-level centrally designed options. It is highly likely that there are local scalable and proportionate alternatives to integrating renewable generation that would result in better outcomes for all consumers.

Energy Networks Australia appreciated the recent AEMO engagement on the published recommendations in the RIS and looks forward to working with AEMO and other stakeholders as the actions are progressed.

If you wish to discuss any of the issues raised further, please contact Jill Cainey, GM Networks (jcainey@energynetworks.com.au)

Yours sincerely,



Andrew Dillon
Chief Executive Officer