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By email to forecasting.planning@aemo.com.au

Consultation on scenario refinements to the Draft 2021 Inputs, Assumptions and Scenarios Report

Dear Elijah,

AusNet Services welcomes the opportunity to respond to this additional round of consultation on AEMO's Draft 2021 Inputs, Assumptions and Scenarios Report (IASR). AEMO has asked for feedback on the refined set of scenarios that were presented at the March 3rd webinar on Consultation Feedback. Our response also reflects on two material developments in the Victorian energy landscape since our last submission: the release by the Victorian Government of a Renewable Energy Zones (REZ) Development Plan – Directions Paper; and the announcement by EnergyAustralia of its plan to close Yallourn Power Station in 2028.

Scenario refinements

AusNet Services welcomes the proposed inclusion of the "2050 Net Zero" scenario and determining the "Central" scenario based on a weighting of the "2050 Net Zero" and the "Current Trajectory" scenarios. In our previous submission, we noted that the earlier version of the "Central" scenario did not reflect Victoria's Climate Change Act 2017 which establishes a long-term target for the State of net-zero emissions by 2050.

Victorian energy developments - implications for IASR

Victoria's REZ Development Plan – The Victorian Government released the Victorian Renewable Energy Zones Development Plan – Directions Paper in February, which includes an Initial REZ Development Plan; and a consultation on reforms to deliver that Initial Plan. While there is still some time to run in the consultation and implementation process, the Directions Paper underscores a key point of AusNet Services' previous submission – that with respect to Victoria, the Central scenario should reflect the Victorian Government's policy commitments as the actions of the government suggest a strong commitment to delivering on both their renewable energy and emissions-reduction targets.

Yallourn closure announcement – On March 10, EnergyAustralia announced an updated closure date of mid-2028 for the Yallourn power station. We anticipate that AEMO will update its closure assumptions for Yallourn, which currently assume a phased-closure commencing in January 2030. AEMO should also consider whether the announcement has implications for:

- Yallourn's outage rates in the period leading up to its scheduled closure (e.g. is the generation asset likely to be managed differently as its closure date approaches?); and
- Implications for the economic life of other thermal generators in the NEM.

We would be pleased to meet to discuss our comments and provide further assistance. If we can assist in this way, please contact Melanie Tan - Manager Transmission Network Planning.

Sincerely,

Rod Jones
General Manager – Network Strategy & Planning
AusNet Services

Attachment: Inputs required to finalise the IASR

Incorporating Victorian energy policy

VRET beyond 2030

The Draft IASR incorporates the legislated Victorian Renewable Energy Target (VRET) of 50% by 2030, interim targets of 25% by 2020, and 40% by 2025. However, beyond 2030 no further targets are assumed. While this may be consistent with the lack of legislated renewable energy target beyond 2030, maintaining a flat 50% target beyond 2030 is inconsistent with the overarching legislation (Victoria's Climate Change Act), which establishes a long-term target of net-zero emissions by 2050.

VRET beyond 2030 are most likely to be added over the planning period, as these mechanisms are implementation of the Victoria's Climate Change Act 2017. The Act requires five-yearly interim emissions reduction targets and the VRET is a key mechanism for achieving those emissions reductions.

The IASR scenarios could be used to reflect the uncertainty over the specific trajectory for VRET beyond 2030, and they should factor in various VRET trajectories to reach net-zero emissions for Victorian generation by 2050. Assuming a linear upward target from 50% by 2030 to 100% by 2050 could be an appropriate and credible assumption, whilst the slow change scenario should consider a policy change that would change the parliamentary act.