

21 May 2018



Ms Suzanne Falvi
Executive General Manager
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Dear Ms Falvi

ERP0052 Coordination of Generation and Transmission Investment – Discussion Paper

Ergon Energy Corporation Limited (Ergon Energy) and Energex Limited (Energex), as Distribution Network Service Providers (DNSPs) operating in Queensland, welcome the opportunity to provide comment to the Australian Energy Market Commission (AEMC) on its Coordination of Generation and Transmission Investment Discussion Paper (Discussion Paper).

Together, Ergon Energy and Energex cover 1.7 million km² and supply 37 208 GWh of energy to 2.1 million homes and businesses. Ergon Energy and Energex are both members of Energy Networks Australia (ENA), the national industry association that represents businesses operating Australia's electricity transmission and distribution and gas distribution networks. The ENA has prepared a response to the Discussion Paper and we are supportive of the positions presented in their response.

Ergon Energy and Energex support the development of renewable energy zones (REZ) and the Integrated System Plan (ISP). We note that the Discussion Paper is focussed primarily on the development and management of transmission network interconnected infrastructure. While there is without doubt considerable benefits to be gained from a strategic approach to integrated generation and transmission network planning, Ergon Energy and Energex consider that focussing at the transmission network level is too limited for a number of reasons, as outlined in Energy Queensland's submission to the ISP consultation¹. Ergon Energy and Energex consider that DNSPs play a significant role in system security, particularly Ergon Energy in western Queensland where there is currently no transmission network and 1GW of solar. We also believe that there will be scenarios where the lowest cost option for delivering continued reliability and security of the NEM while meeting emissions targets, will exist in the distribution network. For context, Ergon Energy and Energex jointly have 23 currently committed large-scale solar and wind generators at 1200 MW total, from 7MW to 100MW each, with another dozen currently in serious assessment phases.

¹ Energy Queensland, February 2018. *Submission to the Australian Energy Market Operator Integrated System Plan for the National Electricity Market* pp2-3

Ergon Energy and Energex believe that the capacity constraints must be considered in parallel with stability concerns, as the two are interlinked. While some mention of stability was made in the Discussion Paper (footnote 29), and stability was added to the system constraints (pg. 32), Transmission Network Service Providers will be responsible for maintaining system strength as identified by the Australian Energy Market Operator in the future. This has linkages to thermal constraints, and future aging transmission infrastructure.

Should you require additional information or wish to discuss any aspect of this submission, please do not hesitate to contact either myself on (07) 3851 6416 or Trudy Fraser on (07) 3851 6787.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'Jenny Doyle', with a stylized flourish at the end.

Jenny Doyle
General Manager Regulation and Pricing

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