

RITS AND REZS



AEMC

What is the Regulatory Investment Test for Transmission?

- cost-benefit analysis
- to determine the most appropriate solution (including non-network solutions)....
- for addressing a need on the transmission network
- and whether addressing the need provides a net positive benefit to consumers

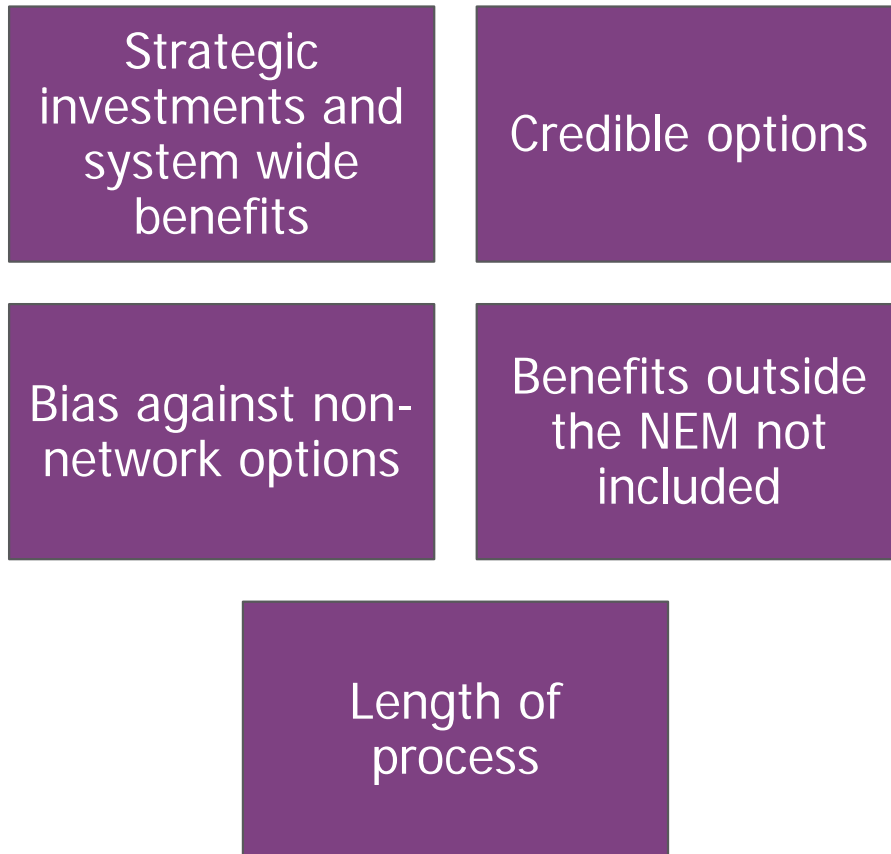
Transparency

Net beneficial

Accountability

RIT-T is part of the broader network investment regulatory framework

Potential concerns with the RIT-T



Delivering the Heywood Interconnector

Task	Dates	Task Duration	Cumulative Duration
Completion of the RIT-T process	Oct 11 - Jan 13	16 months	16 months
Determination by the AER that the proposed investment satisfies the RIT-T	Apr 13 - Sep 13	6 months	24 months
Revenue allowance adjustment by the AER	Dec 13 - Mar 14	4 months	30 months
Construction and energisation works	Aug 15 - Jul 16	12 months	58 months

What is a Renewable Energy Zone?

“Planning frameworks need to be capable of facilitating the efficient development and connection of new renewable energy zones, some of which may be remote from the current transmission network”

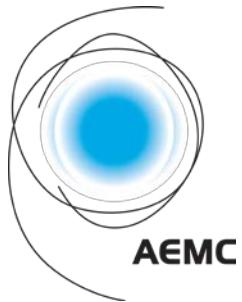
Finkel Review, p. 123

“Areas in the NEM where clusters of large-scale renewable energy can be developed to promote economies of scale in high-resource areas and capture geographic and technological diversity in renewable resources”

AEMO, ISP consultation paper, p. 29.

Options for Renewable Energy Zones

	Option 1: Information provision	Option 2: Generator Coordination	Option 3: TNSP speculation	Option 4: TNSP prescribed service
Feature	<ul style="list-style-type: none">Enhanced AEMO and TNSP coordinated planning to signal REZs for development by the market	<ul style="list-style-type: none">Generators connecting in the same area coordinate connections	<ul style="list-style-type: none">TNSPs undertake speculative investment to build the REZ	<ul style="list-style-type: none">TNSPs invest to deliver a prescribed service in anticipation of generators connecting
Who pays?	Same as now	Generators	TNSPs	Consumers



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