



AUSTRALIAN
ENERGY
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Transmission planning and investment

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Objective of the RITs

- Transmission assets are long-lived and expensive – need a rigorous and transparent process to reduce risk that consumers will pay for inefficient assets.
- RITs are a cost-benefit analysis performed by a TNSP prior to investing.
- Start with a need on the transmission network, consider net benefits to the market.
- Consultation helps identify credible alternatives.

Relevant aspects of RITs

- Interplay with revenue setting process
 - RITs focus on the options for meeting the network need
 - AER revenue setting focuses on efficient revenues for regulatory control period.
- Timing
 - Robust modelling does take time
 - Rigorous consultation does take time
 - High cost, long-lived sunk assets

ISP

- ISP offers an important NEM-wide perspective on developing the transmission network.
- AER welcomes consideration and feedback on the options for converting the ISP into an actionable strategic plan.

Approach to the ISP

Key criteria for testing options:

1. Protect consumers from funding inefficient investments through a rigorous cost benefit analysis.
2. All credible options, including non-network options like DER need to be assessed fairly.
3. Consumers want to be part of the process. They need to have confidence that costs they may have to pay for are tested through a robust and transparent process.

RIT Guidelines Process

- Draft guidelines include guidance on how RIT-T proponents might include aspects of the ISP into a RIT.
- Review is under the *current* regulatory framework.
- If the COGATI process changes the overall framework to make the ISP actionable the RIT Guidelines may need to be amended.