



18 February 2019

Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

Provided by on online lodgement

Attention: Ms Elizabeth Bowron

Dear Ms Bowron

**Early Implementation of ISP priority projects  
Response to Consultation Paper  
ERC 00258**

The Major Energy Users (MEU) represents the interests of large electricity and gas users across the NEM and has been a consistent contributor to the deliberations of the AEMC (and NECA before that) over many years. The members of MEU are all very focused on the price for electricity, its reliability and quality and the long term security of supply.

The MEU is pleased to respond to the AEMC Consultation Paper in response to the rule change proposal to allow regulatory processes to be carried out concurrently rather than consecutively, but specifically for the RIT-T processes associated with the two projects (upgrades of QNI and VNI) included in the AEMO Integrated System Plan (ISP) as priority one projects.

The MEU is very concerned about the growth seen over the past decade of the massive expansions of the Regulatory Asset Base of electricity networks, in real relative terms. The MEU sees that this has been an overt incentive for investment in networks inherent in the National Electricity Rules and the way state governments have not applied strong assessments when considering reliability standards. The MEU has noted that the network owners have used the rules and lack of government rigour to lead to this situation where consumers are paying ever increasing excessive network costs for assets that at the same have seen reducing utilisation. The MEU considers that any reduction in the controls limiting unnecessary network investment must be avoided to protect the long term interests of consumers.

The MEU notes that despite the observations that these two projects are classified as "minor", the MEU notes that they still involve significant expenditure and will impose additional costs on consumers for many years.

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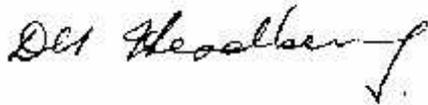
***ABN 71 278 859 567***

The MEU is also concerned that the proposed upgrade for VNI does not include any proposal to increase the southward flow when there is surplus capacity in NSW but insufficient generation to meet demand in Victoria<sup>1</sup>. The MEU has taken up this issue with AEMO as part of its RIT-T processes for the VNI upgrade.

However, based on the principle that this rule change is to apply in a very limited circumstance and to only two “minor” projects (QNI upgrade and VNI upgrade detailed in the ISP), the MEU has no objection to the proposed rule change as long as it is only applied these two projects.

The MEU is happy to discuss the issues further with you if needed or if you feel that any expansion on the above comments is necessary. If so, please contact the undersigned at [davidheadberry@bigpond.com](mailto:davidheadberry@bigpond.com) or (03) 5962 3225

Yours faithfully



David Headberry  
Public Officer

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<sup>1</sup> The MEU noticed that on 25<sup>th</sup> January 2019 when there was load shedding in Victoria, there were significant constraints on southward flows, even to the extent that the constraints required exports from Victoria, even while there was load shedding occurring.