

20 March 2019

Ms Anne Pearson
Chief Executive
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Lodged online: www.aemc.gov.au

Dear Ms Pearson

Response to the Australian Energy Market Commission's (AEMC) consolidated Integrated System Plan Priority Projects - South Australia Energy Transformation Consultation Paper (February 2019) - ERC0258

The Clean Energy Council (CEC) is the peak body for the clean energy industry in Australia. We represent and work with hundreds of leading businesses operating in renewable energy and energy storage along with more than 6,000 solar and battery installers. We are committed to accelerating the transformation of Australia's energy system to one that is smarter and cleaner.

The CEC welcomes the opportunity to provide high-level feedback on this rule change proposal lodged by Dr Kerry Schott AO in February 2019. We understand that the purpose of the proposed amendment to the National Electricity Rules (NER) is to streamline two of the regulatory processes required to be undertaken by the Australian Energy Regulator (AER) after the completion of the South Australian Energy Transformation (SAET) regulatory investment test for transmission (RIT-T)¹.

Specifically, the proposal relates to the AER conducting the following processes concurrently, rather than sequentially:

- (i) Analysis of the preferred option for the investment identified in the RIT-T under NER clause 5.16.6, and
- (ii) The application for, and assessment of, the revenue allowance for Project EnergyConnect (the new name for the South Australia Energy Transformation project) as a contingent project² under NER Clause 6A.8.

¹ The CEC also notes that ElectraNet completed the RIT-T process with the publication of its Project Assessments Conclusion Report on 13 February 2019 and acknowledge that SACOSS has lodged a dispute with the AER and this would likely have implications for this rule change. The AEMC should address/acknowledge this in its Final Determination.

² The CEC is aware that Dr Schott AO lodged a rule change [proposal](#) on related aspects of the application period of the contingent project revenue administrative process (the 90 business day prohibition) on 20 February 2019, and is currently under AEMC consultation.

with a view to a faster overall delivery of the South Australian Energy Transformation project³ that meets all the regulatory obligations for such an investment.

The CEC supports *in principle*, the intent of the proposed rule change. Importantly, we recognise that:

- (i) The proposal does not remove any steps in the post RIT-T regulatory process, and
- (ii) On 19 December 2018, the COAG Energy Council tasked the Energy Security Board (ESB) to progress Integrated System Plan (ISP) identified group 2 and group 3 projects. This includes Project EnergyConnect as a group 2 project, i.e. a larger scale and likely larger costs than ISP Group 1 projects.

The CEC endorses the AEMC's proposed solution outlined in the Consultation Paper, that *if accepted* should lead to a five to six month reduction in the project's overall timing. We consider that in affirming this approach, there will be no negative impact on the rigour of the existing AER regulatory review processes. In addition, the project should promote both the reliability and security of the National Electricity Market (NEM), as it transitions to a low emissions future, whilst accommodating, and optimally planning for, the on-going retirement of synchronous generators for either technical or economic reasons.

From a transparency perspective, the CEC understands the SAET RIT-T covers two project proposals comprising (i) the proposed new interconnector between South Australia and NSW with 800MW capacity; and (ii) a proposed upgrade to the NSW and VIC interconnector capacity by ~ 200MW). The Rule change request (and therefore the AEMC's consultation paper) does not explicitly refer to this second project. Given the RIT-T covers both projects, a decision by the AEMC to allow the rule is anticipated to provide benefits to both component projects and this should be sufficiently reflected in the AEMC's Final Determination.

If you would like to discuss any of the issues raised in this submission, please contact either Lillian Patterson (Director Energy Transformation) on (03) 9929 4142 or lpatterson@cleanenergycouncil.org.au or myself, as outlined below.

Yours Sincerely,

[Original signed]

Norman Jip
Policy Officer
njip@cleanenergycouncil.org.au
(03) 9929 4107

³ We also note that this project was identified in AEMO's 2018 Integrated System Plan as a group 2 project which the ISP stated "*would improve resilience for South Australia and enable the connection of large amounts of renewable energy resources*" at page 8.