



Tilt Renewables Australia Pty Ltd
ACN 101 038 331

30 September 2021

Ms Anna Collyer
Chair
Australian Energy Market Commission

Lodged via the AEMC website

Dear Ms Collyer

PROJECT EPR0087: TRANSMISSION PLANNING AND INVESTMENT REVIEW

Tilt Renewables welcomes the opportunity to comment on the Australian Energy Market Commission's (AEMC) Consultation Paper on the self-initiated Review of the existing regulatory frameworks, which aims to facilitate timely and efficient delivery of transmission services. We strongly support the AEMC in ensuring the regulatory frameworks are fit-for-purpose and enable the significant investment in transmission needed to decarbonise the National Electricity Market (NEM), whilst maintaining reliability and security of supply for consumers.

Tilt Renewables (TLT) is an owner, operator and developer of renewable energy and storage projects in Australia, owned by the Powering Australian Renewables (PowAR) group. PowAR is the largest owner of wind and solar generation in Australia with more than 1,313 MW of renewable generation capacity, including seven operating wind and solar farms, two projects in the final stages of commissioning and one wind farm (Rye Park) shortly to commence construction.

In addition to examining the existing transmission and planning frameworks, emissions reduction remains a key priority both globally and locally and should not be ignored in the context of the long-term Australian energy mix and energy policy. A review of the National Energy Objective (NEO) to incorporate emissions criteria would be prudent in any program targeting long-term certainty and sustainability in the Australian energy sector.

Transmission investment and development is one of the main barriers to the much-needed renewable investments to decarbonize the energy market. At the core of the transmission investments is the Regulatory Investment Test for Transmission (RiT-T) which was designed to provide a cost benefit mechanism to ensure proposed projects are economically appropriate. This process is currently an overly lengthy and onerous process and TLT believes there is a clear case for reform. However making incremental improvements, rather than wholesale reforms to existing regulatory frameworks, would make sense to maintain investment certainty and avoid further stalling required transmission investments.

Existing planning processes, particularly the RiT-T, may not support efficient transmission buildout, particularly when considering the time-criticality of many investments. Successful reform of this process will be necessary to deliver the investment in new transmission that is needed to deliver a reliable and secure decarbonisation of the NEM, at the lowest overall cost



to customers. Continuous and incremental improvement will efficiently streamline the assessment process and ensure this policy objective is met.

This submission reiterates the key points made in the Clean Energy Council (CEC) submission, focused on 3 key areas of incremental improvements to the RiT-T which would enhance the process significantly and enable much-needed transmission investments. These include:

Specification of wider costs and benefits under the RiT-T

More effective inclusion of carbon, social license and climate change resilience and adaptation considerations in the RiT-T framework. The assessment process must better capture the full suite of costs and benefits associated with investment in major transmission projects. TLT recommends a more comprehensive cost-benefit analysis which includes carbon, environmental and social impacts. It is not clear that TNSPs adequately consider the full suite of carbon reduction benefits when they assess an identified need and develop a preferred solution.

For this reason, we support the AEMC giving consideration to how the RiT-T can be amended to explicitly allow for consideration of carbon. A way to address this uncertainty is to develop an agreed set of assumptions to help define the nature of project benefits, as discussed on page 22 of the consultation paper. Explicitly defining the nature of decarbonisation benefits would help reduce the degree of benefit uncertainty associated with new projects.

In addition, TNSPs can face significant delays and increased costs due to misalignment between the RiT-T, environmental and jurisdictional planning processes. The national planning and assessment framework should be streamlined to avoid these adverse consequences caused by the current process not being fit-for-purpose. A single point of accountability with respect to network planning is essential for this streamlining to occur. This would provide reduced complexity and ensure efficient network design. It is critical that jurisdictional planning frameworks align with the national framework to avoid delays and enable the ISP to be efficiently actioned.

Investment and planning

TLT recognises the importance of efficient and prudent costings of transmission projects and the implications this has for energy consumers. The Review should consider improvements to current financability settings to achieve timely and efficient delivery of transmission. However there is no real case for further contestability to provide consumer benefits, given TNSPs already undertake competitive tenders for delivery of transmission projects. The issue regarding a TNSP's exclusive right, but no corresponding obligation, to deliver transmission projects has also not been adequately considered as the basis for changes to contestability to be made. TLT believes the basis of the issue reflects the challenging and rigid financability settings currently faced by TNSPs.

Reapplication of the RiT-T



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The rule change seeks to reapply the RiT-T when a cost increase may result in the project no longer being the preferred option. We appreciate the focus on achieving the least cost to consumers, however the significant delays to transmission build-out that further iterations of the RiT-T will cause, will typically themselves increase overall consumer costs. Other actions, such as streamlining the RiT-T as outlined in the Review, or better definition of the benefits associated with a major transmission project, would be preferred approaches to ensuring efficiency of major transmission projects and should be implemented prior to any reapplication triggered by cost increases. A key challenge of the RiT-T framework is that it is an overly lengthy and onerous process, one which has been outpaced by the renewable generation build out. In lieu of a fit for purpose RiT-T framework, state governments are taking transmission investment into their own hands by developing policy and forming new bodies to support investment in new transmission. TLT fears that a framework that allows for reapplication of the RiT-T will simply exacerbate this issue, resulting in fragmented transmission planning outcomes rather than a whole of system approach.

Finally, we strongly support the CEC submission as reflective of TLT's position and encourage the AEMC to consider the issues and recommendations raised to inform the next stage of this important review.

Thank you for the opportunity to provide a submission on this matter. If you would like to discuss any of the issues raised in this submission further, please contact me on Nigel.Baker@tiltrenewables.com.

Yours sincerely,

A handwritten signature in blue ink that reads 'Nigel Baker'. The signature is written in a cursive style and is set against a light blue rectangular background.

Nigel Baker
Executive General Manager, Generation and Trading
Tilt Renewables