



Written record of verbal comments by consumer representatives on the Stage 3 Draft report of the Transmission Planning and Investment Review

9:00am – 10:30am, 10 October 2022

Purpose:

On 21 September 2022, the AEMC published a draft report for Stage 3 of the Transmission planning and investment review (the Review).

The AEMC held a briefing session on the Stage 3 Draft report with consumer representatives. The AEMC has developed a written record of stakeholder comments made during this session which will serve in place of a written submission to the draft report. This written record has been agreed with attendees. The AEMC will consider these comments along with all other submissions to the Draft report.

Attendees:

Name	Organisation
Craig Memery	PIAC
Bev Hughson	Darach Energy Consulting Services
Gavin Dufty	Society of St Vincent de Paul
Mark Grenning	EUAA
Brian Spak	ECA
Robyn Robinson	Council on the Ageing
Danielle Beinart	AEMC
Alisa Toomey	AEMC
Rupert Doney	AEMC
Martina McCowan	AEMC
Chirine Dada	AEMC
Ella Pybus	Consultant, CEPA
Louisa Scott	Consultant, KPMG

Comments on the economic assessment process (EAP) chapter included:

Consumer representative expressed that there are differing views about whether ISP projects are “necessary”, and this has implications for what is a good economic assessment process.

Consumer representatives raised concerns around the focus on timeliness in the Review. These concerns included:

- questioning the definition of timeliness and its link to the dates provided in the ISP. For example, in the context of Humelink, the view was expressed that the date in the ISP could lead to the transmission project being built earlier than required due to delays in Snowy 2.0 being built.

- view that the primary beneficiary of new transmission infrastructure is the connecting generator(s) with consumers being the secondary beneficiary. As such, additional transmission is not always in consumers' interest.

Other comments on the EAP and the strawpersons proposed in the AEMC's draft report noted by consumer representatives included:

- process efficiency / speed for approval need to align with deliverability of projects to realise consumer benefits.
- the rapid rate of change at a jurisdictional level means the ISP is out of date before it is published. As such, using a single ISP to determine what constitutes timely delivery without later opportunities to incorporate new information and revise the project timeline may not be in the best interest of consumers.
- the Federal Government should provide funding for the front-loading of early works. Such a policy could result in high benefits to consumers through cost reductions to consumer bills.
- the current times of approximately 4 years to complete the EAP may mean that 2030 decarbonisation targets are not achievable.
- improvements from strawperson options need to simultaneously provide further certainty in costs and/or benefits. Strawperson 1 should enable the TNSP to achieve a higher level of certainty on costs. Strawperson 2 should specify which benefits could be included in the benefits assessment with "competition benefits" and "demand response" benefits excluded.
- strawperson models that rely heavily on the ISP may diminish regulatory oversight of the EAP. In particular, strawperson 3 could potentially compromise rigour by removing the RIT-T.
- increasing the frequency of the publication of the ISP would be arduous.
- there is not necessarily a clear causal link between the timely completion of the EAP and the timely delivery of the whole project for example due to lack of community acceptance.
- whether there is any evidence that the time/cost of determining benefits is the factor causing TNSPs to delay work on social licence and route selection under strawperson 2, given that it would be expected that there are different teams at the TNSP undertaking route selection, social licence activities and benefits modelling.
- the description of each strawperson model narrowly focuses on the timeliness aspect, making it difficult to undertake an informed assessment of each of the models. It was suggested the AEMC clearly articulates:
 - The impact on costs to consumers under each model, and
 - The impact of each of the models on the ability to achieve carbon abatement objectives for 2030 and beyond.

Comments on the emissions abatement chapter included:

- Appropriate safeguards need to be implemented to ensure that the benefits of carbon reduction are not double counted in the ISP and TNSP's regulatory reset process so that consumers are not paying multiple times for any given reduction in carbon.
- A robust way of accounting for the abatement associated with transmission upgrades could be to consider the value to consumers of avoided constraints in areas where transmission upgrades alleviate network congestion.

- Emissions benefits are not required to justify projects on a quantitative basis, as the benefits are already captured in State Government processes through state policies.

Comments on the concessional financing chapter included:

- Questioning why the TNSP would be considered best placed to report the purpose of the concessional financing to the AER, given that the TNSP has an incentive to report the purpose of the financing as addressing financeability concerns rather than providing benefits for consumers.
- That the injection of concessional finance for a project should not reduce the rigour with which the assessment of consumer benefits of a project is conducted.

Comments on the exclusive right and incentives chapter

- View that TNSPs already have an incentive to deliver transmission projects in a timely manner, as they will begin earning a rate of return on the project once it is commissioned. It is questionable that additional incentives are needed.