

3 November 2022

Australian Energy Market Commission
GPO Box 2603
Sydney NSW 2000

Draft Report for Stage 3 Transmission Planning and Investment Review

Snowy Hydro Limited welcomes the opportunity to comment on matters raised in the Australian Energy Market Commission's (the AEMC's) Draft Report for Stage 3 of its review of the Transmission Planning and Investment framework.

Reviewing frameworks to ensure they are still fit for purpose for the long term and align with policy developments is important so this Review is very timely. The fundamental problem facing the NEM and the greatest obstacle to a transition to net zero is a lack of transmission capacity. Transmission investment is required to unlock Australia's best renewable energy resources and provide low-cost renewable energy to consumers as Australia's fleet of aging fossil-fuel generators retire.

Snowy Hydro welcomes the AEMC's conclusion that the current framework is an obstacle to timely transmission investment. For example, it is clear that the traditional RIT-T process has been too narrow in assessing potential benefits for actionable ISP projects. We have consistently argued that the AEMC should account for whole of system benefits as part of the assessment for actionable ISP Projects, which include long term risk management and energy security such as avoided intervention and long term competition benefits. As the AEMC notes, it has been necessary to progress actionable ISP projects through transitional measures.

Given the importance of ISP projects to facilitate the energy transition and their benefits to consumers, improvements to the current framework should focus on facilitating the timely delivery of these projects, whilst maintaining rigour in AEMO's assessments and an adequate level of oversight of its decisions. Any measures ahead of the AEMC's broader review of the ISP must retain the appropriate checks and balances to achieve the best outcome for consumers. This includes

- retention of a detailed and transparent process of impact analysis that considers the full range of costs and benefits and accounts for policy developments.
- oversight of AEMO, through obligations to consult with a broad range of stakeholders, including the Australian Energy Regulator.
- transparent guidelines for the assessment of projects to give stakeholders confidence that projects that generate the greatest benefit for consumers are delivered as efficiently as possible.
- ensuring appropriate collaboration between relevant entities. For example, project assessment requires the critical involvement of the TNSP, who have the planning, customer and local expertise and are best placed to undertake the necessary system and market modelling for assets that will connect to their network.

Snowy Hydro appreciates the opportunity to respond to the Draft Report for Stage 3 of the AEMC's review of the Transmission Planning and Investment framework. Any questions about this submission should be addressed to geoff.hargreaves@snowyhydro.com.au.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'G Hargreaves', written in a cursive style.

Geoff Hargreaves
Regulatory Manager
Snowy Hydro

