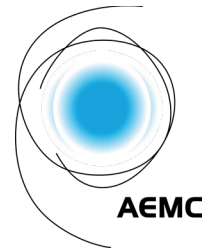


Meeting Notes:

Transmission Access Reform – Public Forum

Thursday, 18 July 9:00am – 11:00am



Agenda:

- Introduction and acknowledgement of Country
- Opening remarks
- Agenda item #1: ACIL Allen modelling of access reform to inform investment decisions
- Agenda item #2: Introduction to the stylised network model
- Agenda item #3: Q&A
- Agenda item #4: Next steps

Acknowledgement of Country

- The AEMC project team (project team) acknowledged the traditional owners of the many lands from which the public forum attendees were dialing in from and paid respects to elders past and present.

Introduction

- The project team welcomed the stakeholders present at the public forum and noted that a meeting summary and the presentation slides will be uploaded on the project page.
- The project team noted the objective of the public forum to:
 - provide stakeholders with an update on the team's evolved thinking and intended approach leading up to providing final recommendations to ministers in September
 - present outcomes from ACIL Allen's modelling of transmission access reform and Endgame Economics' stylised network model designed to improve stakeholder understanding
 - provide stakeholders with the opportunity to ask questions of the project team, consultants and Commissioners in attendance.
- The project team provided a summary of the AEMC's transmission access reform project and thanked stakeholders for providing 39 submissions to the consultation paper.

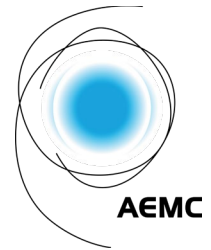
Competition protocols

- The team noted the consent to use of personal information and competition protocols to which the project team and public forum attendees must adhere to, specifically:
 - Attendees at this forum must not enter into any discussion, activity or conduct that may infringe, on their part or on the part of other attendees, any applicable competition laws. For example, attendees must not discuss, communicate or exchange any commercially sensitive information, including information relating

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to prices, marketing and advertising strategy, costs and revenues, terms and conditions with third parties, terms of supply or access.

- Participating in this forum is subject to you having read and understood the protocol including the Key Principles. Refer to meeting slide pack for more detail.

Opening remarks

- Commissioner Sally McMahon provided a summary of the transmission access reform project and current contexts to begin the discussion. This included: :
 - noting that transmission access reform seeks to address congestion issues in the investment and operational timeframe as renewable energy replaced thermal generators
 - an exploration of the changes in the policy landscape since transmission access reform was initiated due to jurisdictional renewable energy zones and the capacity investment scheme
 - noting that, in submissions to the consultation paper, stakeholders strongly opposed the proposed hybrid model of priority access and the congestion relief market (CRM).
 - the greatest opposition was to priority access, but some were open to a two-stage CRM to incentivize congestion-relieving behavior and provide commercial opportunities for those that chose to participate.
 - consumer representatives continue to support meaningful access reform as a crucial step in delivering efficient outcomes for consumers.
 - advantages and disadvantages will be explained and views authentically represented
 - the AEMC has been tasked to deliver a design to Ministers by September and intends to provide recommendations to Ministers, though the approach is yet to be determined.

Agenda item #1: ACIL Allen modelling of access reform

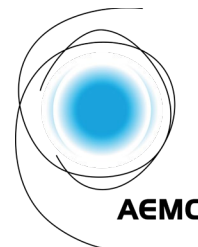
AEMC project team

- The project team provided a brief introduction of the scope and aim of the ACIL Allen modelling exercise. In summary, the work sought to address stakeholder concerns by determining if priority access could be modelled for investment decisions, and what impacts priority access might have for investors.
- The project team noted that ACIL was not engaged to provide advice on how the reforms would play out in the NEM in practice, but rather to advise if modelling firms would be able to model the reform and provide meaningful information to support individual investments.

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ACIL Allen presentation

- The ACIL Allen presented on the scope, assumptions and results of their modelling exercise. In summary, ACIL Allen considered that:
 - priority access, as currently designed using bid price floors, can be meaningfully modelled by intending participants to support investment cases
 - priority access could provide more certainty to intending investors about a project's access to the RRP and ability to contract, and lifetime revenue streams
 - modelling of priority access and the CRM would improve over time.
- ACIL Allen's modelling results, from a simplified market-based entry model, suggested that, when compared to the status quo, priority access could result in:
 - lower overall levels of curtailment for both existing and new entrants
 - better investment returns for existing generators and new entrants
 - less investment in congested areas
 - lower thermal generation and lower emissions due to more renewable dispatch
 - mildly lower regional reference prices due to lower curtailment levels of VRE generation and lower thermal generation.

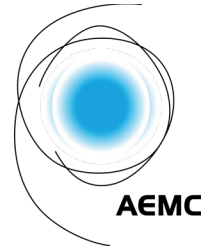
Q&A session

- In response to stakeholder questions, the AEMC project team and the ACIL Allen team noted that:
 - the modelling did not consider transmission updates to constrain the complexity, however the ACIL Allen team expected the outcomes would likely be similar
 - changing the geographical location or generation mix is unlikely to vary the key outcomes of the modelling
 - the reduction in curtailment of renewable generation stems from the stronger locational signals driving investment in areas of the network with less congestion
 - the modelling of the hybrid model would improve over time as the level of experience with the new arrangements increase
 - the modelling allowed different investment decisions that could change the outcomes and lead to lower RRP, which differed from AEMO's prototyping work that looked at dispatch inefficiencies occurring in a static sense i.e. there were no changes in investment decisions and did not model the CRM
 - although consideration of the cost of capital of investments was not in scope of the modelling, it would be logical that lower levels of VRE curtailment would result in lower costs of capital
 - the reduction in thermal generation is the result of renewables and thermal units trading through the CRM.

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- The project team noted that we remain available for further discussions if requested by stakeholders.

Agenda item #2: Introduction to the stylised network model

AEMC project team

- The project team introduced the team from Endgame Economics and noted the intent of the stylised model to help stakeholders engage with the hybrid model proposals. It is not intended to be an evaluation of the costs and benefits of the hybrid model.
- The project team noted that the development of a stylised model for stakeholders to interact with was an action for the AEMC in the project plan agreed to by Ministers.
- The project team noted that the model was designed to be simple and is not necessarily indicative of what the final design of the hybrid model would be.

Endgame Economics

- The Endgame Economics team provided a demonstration of the functionality of the simplified model for stakeholders, including for the radial, radial with interconnector, and meshed network examples.

Q&A session

- In response to stakeholder questions, the AEMC project team and the Endgame Economics team noted that:
 - the stylised model does not have the capability for users to update the network topography to change where the interconnector is located
 - the stylised model does not allow for multiple bid bands due to the constraints of relying on the built-in Excel solver.

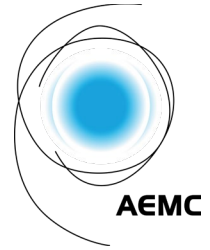
Agenda item #3: Q&A

- In response to stakeholder questions, the AEMC project team and the relevant consultants noted that:
 - The ACIL Allen modelling did not consider solar/battery hybrid plant for simplicity, however, it is unlikely that the high-level results would change. The intent of the work was to determine if priority access and the CRM could be included in congestion modelling for investment proposals.
 - The ACIL Allen modelling was not meant to reflect the NEM, as it was focused on determining if congestion could be modelled for investment decisions.
 - The outcome from stakeholder submissions to the consultation paper is that we have a preferred hybrid model; priority access grouped by time-window and a

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two-stage CRM. The Commission is still working on developing the final recommendations that will accompany the preferred hybrid model design.

- There will be further opportunities for stakeholders to provide feedback on the recommendations.

Agenda item #4: Next steps

- The project team explained their intention to:
 - publish the stylised model on the project page for stakeholders to interact with (the team offered support in how to use the model to any stakeholder who requested it)
 - publish a summary of the public forum on the project page
 - continue engaging with stakeholders to ensure that we are accurately articulating stakeholder views in our final recommendations to ministers.

Meeting close

- Commissioner Anna Collyer expressed thanks to stakeholders for their continued engagement and feedback in submissions and throughout the forum, and noted that the AEMC is listening to points raised by stakeholders and will continue to engage up to providing final recommendations to Ministers in September.
- Commissioner Anna Collyer noted that:
 - the status quo arrangements have changed since Ministers tasked the AEMC with this review
 - we know that congestion will remain a part of the NEM and will need to be actively managed
 - our focus is on providing recommendations to Energy Ministers that reflect a sustainable, long-term benefit to the NEM.