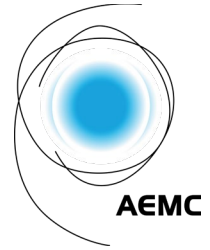


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Monday, 17 June 4:00pm – 5:00pm



Agenda:

- Acknowledgement of Country
- Introduction
- Agenda item #1: Close of submissions
- Agenda item #2: Modelling priority access
- Agenda item #3: Next steps

Acknowledgement of Country

- The AEMC project team (project team) acknowledged the traditional owners of the many lands from which the TWG was dialing in from and paid respects to elders past, present and emerging.

Introduction

- The project team welcomed the TWG members present, and observers (the TWG member list is published on the transmission access reform [project page](#)).

Competition protocols

- The project team noted the consent to use of personal information and competition protocols to which the project team and TWG 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 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.

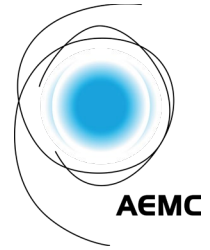
Objectives

- The project team explained that the objectives of the TWG are to:
 - provide more detailed information on the modelling work being completed by ACIL Allen, and
 - seek initial views of stakeholders on the assumptions being used for the modelling.

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Agenda item #1: Close of submissions

- The project team noted that submissions to the consultation paper closed on 6 June 2024 and over 30 submissions had been received. The team thanked all stakeholders who made submissions and provided feedback on the consultation paper.
- The project team are currently analysing submissions, with an update to be shared at a future TWG. The submissions will be published on the project page.

Agenda item #2: Modelling priority access

Context

- The project team explained that ACIL Allen is working to determine whether participants can meaningfully model access reforms to help them make investment decisions. This is one component of multiple elements that is being undertaken to inform the final design of the hybrid model and so recommendations.
- The project team explained that submissions to the consultation paper will inform their thinking on access reform, and this is complemented by the expert insight of ACIL Allen
- The project team explained that ACIL Allen's work is two-fold, made up of a written advice that sets out how they would adapt their modelling approach to take account of priority access and the CRM when providing advice to intending investors, and a simple model that tests the advice.
- ACIL Allen has not been asked to predict how access reforms would play out in the NEM, rather to advise on whether modelling firms, such as themselves, could provide meaningful information to support investment cases if priority access and the CRM were in place.
- The project team noted that congestion is already factored into investment decisions now and will likely become a more important factor into the future regardless of whether there is any kind of access reform.
- The project team noted their interest in feedback about the written advice and whether the proposed modelling approach has reasonable assumptions and balances simplicity and robustness.

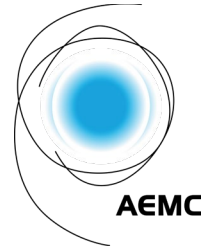
ACIL Allen's work

- **Purpose:** ACIL Allen explained that they were considering whether priority access gives investors greater certainty, and if this improves over time.
 - They understand the various significant risks (volume, price, economic curtailment, network congestion) for investment in VRE projects.
- **Hypothesis:** ACIL Allen explained that their starting hypothesis is that, theoretically, priority access can provide greater certainty for investors.

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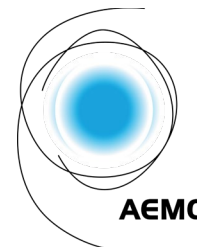


- **Prototype:** ACIL Allen intends to test their hypothesis with a prototype model that is simple enough to understand and compare differences between the hybrid model and status quo, but complex enough to reflect some of the important interactions in the NEM.
 - It will include a 10–20-year horizon with market-based entry for status quo arrangements and the hybrid model (priority access and CRM).
- **Priority access in investment modelling:** ACIL Allen explained that, to account for the hybrid model, investment modelling will need to adjust:
 - dispatch and pricing (as a two-pass process – first being priority access and the second being CRM run),
 - settlements (spot markets and any contract settlements),
 - market bidding (using sensible bidding strategies for dispatch),
 - network modelling and security constraints (being a formula, and a network model that includes security constraints),
 - market-based new investments:
 - using small generic investments,
 - identifying prospective locations, then modelling more realistically sized investments, expecting that new investments will go in areas of lower curtailment (although there cannot be total certainty of no curtailment).
- **Compatibility with enhanced locational reporting:** When asked by stakeholders how the modelling would align with AEMO’s Enhanced Locational Information reporting, ACIL Allen considered that Enhanced Locational Information reports provide greater information about network constraints and would largely complement the hybrid model – and the ability of firms such as themselves to provide meaningful information to intending investors.
- **Assumed status quo arrangement:** Some stakeholders were interested to understand how ACIL Allen will assume a ‘market-based new entry’ status quo arrangement. ACIL Allen noted some difficulty of predicting the variety of government schemes that will encourage renewable investment, however they plan to account for government schemes using a renewable capacity constraint in the model as a proxy. The project team are interested in stakeholder feedback on this.
- **Modelling the impact of wide-reaching constraints/outages:** Some stakeholders raised their concerns about priority access preventing the pain of system-wide outage constraints from being equally shared amongst generators (as under the priority access scheme, the impact would be worn by the lowest priority generator) and enquired about how ACIL Allen is considering such impacts on new investments. The project team also noted they are aware of this issue and continuing to investigate it through the policy design of the hybrid model as to whether these effects may be mitigated.

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- **Impact of priority access on post-2030 project investment:** Some stakeholders considered that priority access would give generators more certainty up until 2030, but post-2030 many generators will face the burden of curtailment. They consider this could lead to a gap in post-2030 project investment. ACIL Allen noted the unpredictability of future scenarios, especially post-2035, and the assumed network investments would provide new locations in the future. ACILs proposed approach includes a 10-20 year horizon. The key outcome ACIL Allen is looking for is whether priority access can incentivise investment in different (uncongested) locations.

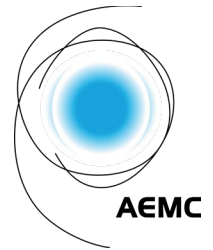
Assumptions

- ACIL Allen provided an overview of their proposed modelling assumptions:
 - All dispatchable resources participating in the CRM.
 - A single region will be used with a network of three sub-regions with the option to model two regions by moving existing nodes to a second region.
 - Including annual, new renewable capacity targets that are the same for both the status quo and hybrid options (not specifically the CIS and other government schemes).
 - No REZs or other potential zones given priority access, with priority access applied to individual dispatchable resources.
 - Only allowing market-based entry of wind, solar and gas (sufficient to maintain equivalent reliability between the status quo and priority access/CRM) and to meet renewable capacity targets.
 - Starting with a relatively unconstrained generation fleet.
 - Gradually decommission thermal generation.
- ACIL Allen will extract their results at hourly intervals and obtain an annual summary of regional data, generation data and constraints data.
- **Line cut-ins:** Some stakeholders were interested in ACIL Allen testing the viability of new entrants through line cut-ins.
- **Inclusion and impact of REZs:** Some stakeholders questioned whether not including REZs in the model misrepresents the benefits of priority access given some states have legislation that can prevent connections outside REZs. The project team highlighted that the focus of the modelling exercise was to look at whether new intending investors could get the information they need to make a decision noting a number of state-based REZs would likely be in place by the time access reforms commence. The project team noted that they and ACIL Allen will consider accounting for REZs in the model. ACIL Allen commented that the hybrid model could complement state-schemes.
- **Alignment with the ISP:** Some stakeholders asked whether the model's renewable participation and curtailment will match the ISP prediction, ACIL Allen confirmed that

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certain aspects will closely reflect the ISP (e.g. assumptions about behind-the-meter storage). ACIL Allen noted that there are some differences between their model and the ISP, such as the exclusion of storage in ACIL Allen's model and investment approaches between the ISP (centrally-planned) and ACIL Allen's model (market-based entry). This is because the two pieces of work are conducted for different purposes.

Agenda item #3: Next steps

- The project team explained their intention to present the final modelling results at a public forum to be held in July 2024.
- The project team also welcomed any additional feedback from stakeholders on ACIL Allen's draft advice and proposed modelling approach.