



Session 2: Planning

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Planning – overview

- This session is divided into 3 parts:
 - performance of planning arrangements to date
 - potential enhancements to existing arrangements
 - options for more substantial reform



Characteristics of an efficiently planned network

**Deliver
efficient
investment**

To meet load
reliability standards
(or recognise the
value of customer
reliability)

**Provide
market access
to generators**

With a level of
access that reflects
the value of being
dispatched in the
energy market

**Co-ordinated
decision
making**

Between
generation and
transmission
investment and
between TNSPs

Performance of planning arrangements to date (1)

Current transmission planning arrangements are delivering:

- compliance with load reliability standards
- scoping studies and RIT-Ts to assess the need for more inter-regional transmission capacity
- NTNDP, APRs and LRPP promote transparency and accountability



Performance of planning arrangements to date (2)

- Many of the transmission arrangements are new
- However, it is timely to consider whether these arrangements can be further enhanced
- This is supported by some stakeholder concerns about delivery of transmission investment, particularly between regions
 - although we note that all interconnectors are currently under review for enhancements
- We are seeking evidence from stakeholders as to the materiality of any issues

Planning arrangements under open access

- Under an open access regime (packages 1 and 2), no changes are *required* to the planning or institutional arrangements
- However, it is critical that these arrangements support an efficient open access regime through efficient build-out of congestion
- We are considering a number of options for changing the current arrangements

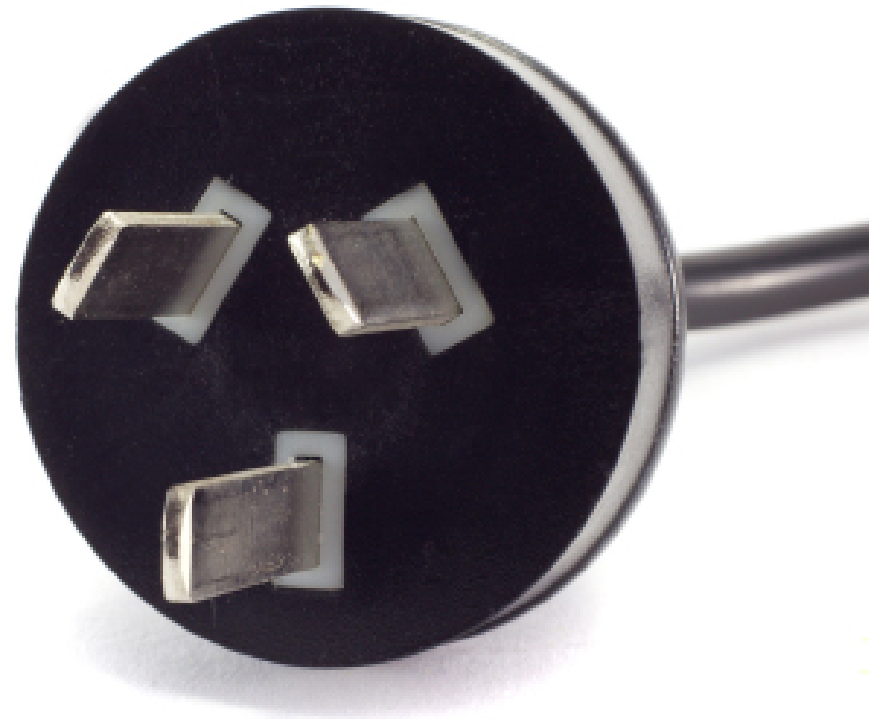


Illustration – current jurisdictional planning arrangements

NSW	QLD	SA	TAS	VIC
National Planning	National Planning	National Planning	National Planning	National Planning
Demand Forecasting	Demand Forecasting	Demand Forecasting	Demand Forecasting	Demand Forecasting
Jurisdictional Planning	Jurisdictional Planning	Jurisdictional Planning	Jurisdictional Planning	Jurisdictional Planning
Direction/Procurement	Direction/Procurement	Direction/Procurement	Direction/Procurement	Direction/Procurement
Detailed Design	Detailed Design	Detailed Design	Detailed Design	Detailed Design
Construction	Construction	Construction	Construction	Construction
Asset Ownership	Asset Ownership	Asset Ownership	Asset Ownership	Asset Ownership

 AEMO

 Asset Owner

Potential enhancements to current planning arrangements

- Implement proposed national approach for load reliability standards
- Improve the consistency of the Annual Planning Reports
- Improve the transparency of the RIT-T
- Align revenue resets of TNSPs to improve co-ordination of inter-regional investments
- Introduce reliability standards for interconnectors

Options for more significant reform (1)

Improving coordination of the NTNDP and APRs

- Require NTP and TNSPs to jointly agree on the national plan and regional plans to improve coordination for inter-regional planning
 - may require a process to resolve any lack of agreement

Harmonise intra-regional planning processes and accountabilities

- Would aim to identify and promote best practice, reduce transactions costs and provide consistent relationships with the NTP
- Might be based on current South Australian arrangements
 - would allow financial incentives to be applied to decision makers
 - AEMO would have a key role as NTP, in providing demand forecasts and conducting reliability standard analysis

Illustration – a harmonised regime based on the current South Australian arrangements

NSW	QLD	SA	TAS	VIC
National Planning	National Planning	National Planning	National Planning	National Planning
Demand Forecasting	Demand Forecasting	Demand Forecasting	Demand Forecasting	Demand Forecasting
Jurisdictional Planning	Jurisdictional Planning	Jurisdictional Planning	Jurisdictional Planning	Jurisdictional Planning
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 Asset Owner

Options for more significant reform (2)

A single, NEM-wide planner/procurer

- The Victorian DPI has advocated extending AEMO's Victorian planning role across the NEM, such that AEMO would:
 - perform all transmission network planning
 - make all investment decisions on a not-for-profit basis
 - procure some transmission services through a tender process
 - apply the probabilistic planning methodology
- Relevant efficiency considerations include:
 - implications of AEMO's not for profit status and governance, particularly for firmer access models
 - efficiency of procurement process
 - application of probabilistic planning throughout the NEM

Illustration – a single, NEM-wide not-for-profit planner/procurer

NSW	QLD	SA	TAS	VIC
National Planning	National Planning	National Planning	National Planning	National Planning
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Options for more significant reform (3)

National joint venture body comprised of TNSPs

- Would aim to capture many of the efficiency benefits of a single NEM-wide TNSP without many of the implementation costs
- Joint-venture body would assume all TNSP obligations nationally
- But asset ownership retained by individual TNSPs
- Joint-venture body would aim to take a national perspective in planning, as well as capturing local knowledge from member TNSPs
- Essentially would be a for-profit national planner and decision maker
- AER's assessment of capital expenditure forecasts would be crucial

Illustration – a national joint-venture body

NSW	QLD	SA	TAS	VIC
National Planning	National Planning	National Planning	National Planning	National Planning
Demand Forecasting	Demand Forecasting	Demand Forecasting	Demand Forecasting	Demand Forecasting
Jurisdictional Planning	Jurisdictional Planning	Jurisdictional Planning	Jurisdictional Planning	Jurisdictional Planning
Direction/Procurement	Direction/Procurement	Direction/Procurement	Direction/Procurement	Direction/Procurement
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Joint-venture body



Asset Owner

Summary

- These planning options could be implemented with most packages
- Further evidence is sought on the benefits of these options
- At this stage the Commission considers some of the potential enhancements identified may provide net benefits



Industry perspective

- [Rainer Korte](#), Executive Manager – Network Strategy and Regulatory Affairs, ElectraNet
- [Mark Feather](#), Director – National Energy Development, Department of Primary Industries, Victoria

Options for enhancing or reforming planning arrangements

Enhancements

1. Harmonise load reliability standards
2. Improve consistency of APRs
3. Improve transparency of RIT-T
4. Align revenue resets
5. Introduce interconnector reliability standards

Options for more significant reform

1. Enhanced coordination of regional and national plans
2. Introduce SA arrangements across the NEM
3. Introduce Victorian arrangements across the NEM
4. TNSP joint-venture