



## Last resort planning power – 2017 review

### Publication of decision report

**The Australian Energy Market Commission (AEMC) has decided not to exercise the last resort planning power in 2017. Analysis undertaken by the AEMC shows that transmission network service providers (TNSPs) in the national electricity market (NEM) are adequately considering inter-regional transmission constraints in their planning of investment in the network.**

### Background

The last resort planning power is provided for in the National Electricity Rules. It allows the AEMC to require one or more network service providers to apply the regulatory investment test for transmission to augmentation projects that are likely to relieve a forecast constraint on a national transmission flow path.

These flow paths include the infrastructure that allows electricity to be physically transferred across the NEM regional boundaries, known as interconnectors. Each interconnector will have a certain nominal capacity which establishes an upper limit to the amount of electricity that can be carried across the interconnector.

In practice, limits elsewhere in the network can cause the actual transfer capacity of an interconnector being set at lower levels. For this reason, the Commission has regard to both the 'physical' interconnectors and to the transmission flow-paths and/or corridors leading up to the interconnectors when considering whether to exercise the last resort planning power.

Following on from this, the purpose of the last resort planning power is to ensure timely and efficient inter-regional transmission investment when other mechanisms to provide for the planning of this investment appear to have failed.

The AEMC must exercise the last resort planning power in accordance with requirements in the National Electricity Rules and the last resort planning power guidelines. The AEMC is also required to report annually on the matters which it has considered during that year in deciding whether to exercise the last resort planning power. To date, the AEMC has not exercised the last resort planning power.

### Decision

The AEMC has decided not to exercise the last resort planning power in 2017 because its analysis has found that inter-regional flow constraints are being appropriately considered by TNSPs in their 2017 transmission annual planning reports.

To assist it in determining whether to exercise the last resort planning power in 2017, the AEMC has reviewed the TNSPs' annual planning reports, published in 2017, against the constraints on the transmission network forecast by the Australian Energy Market Operator (AEMO) in the National Transmission Network Development Plans (NTNDPs) for 2016 and 2015, published in December 2016 and November 2015 respectively. The AEMC has also considered other relevant information published by AEMO and the TNSPs.

The Commission has found that the TNSPs continue to address or monitor constraints on the infrastructure connecting the NEM regions and the infrastructure within their networks that could impact on inter-regional electricity flows in their 2017 transmission annual planning reports. For example, the Heywood interconnector upgrade was completed in mid-2016 to raise its nominal transfer capacity from 460 MW to 650 MW and TransGrid has identified several network augmentation options for Northern New South Wales which may increase the transfer capacity across QNI.

### Current interconnector studies in the NEM

The Commission notes that the regulatory framework is facilitating feasibility studies to explore future interconnector development options for the NEM. These studies are being undertaken by a number of stakeholders in the electricity market to explore the benefits that may be associated with the upgrades. Some of the recent and current initiatives by the electricity market stakeholders include:

- AEMO's NTNDP 2016 analysis for potential interconnection developments in the NEM, which outlined three options as having net positive market benefits.
- ElectraNet's South Australia Energy Transformation RIT-T. The project specification consultation report (PSCR) was published in November 2016, which identified four interconnector options for South Australia with Victoria, New South Wales and Queensland as well as non-network options.
- The feasibility assessment of a second Tasmanian interconnector was initiated by the Commonwealth and Tasmanian Governments which published a final report in April 2017.

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