



Government of
South Australia
RenewablesSA

Green Grid Forum

22 December 2010

Mr John Pierce
Australian Energy Market Commission
Level 5, 201 Elizabeth Street
Sydney NSW 2000

Dear Mr Pierce

The Green Grid Forum is pleased to contribute to the Australian Energy Market Commission's consultation into the adoption of the Scale Efficient Network Extension (SENE) mechanism and provides the attached report by Macquarie Capital as a supplementary submission to the Scale Efficient Network Extension Options Paper.

The Green Grid is the outstanding opportunity in Australia for opening up a new province for wind power. The project would be located on South Australia's Eyre Peninsula, an area roughly the size of Tasmania; populated by 55,000 people; on the periphery of the national grid; and with an outstanding wind resource. An earlier study¹ commissioned by the South Australian Government and prepared by a consortium of Macquarie Capital, Worley Parsons and Baker & McKenzie has established a prospective location that can be developed relatively easily and operate at capacity factors sufficient to establish that there is a viable business case for investment in transmission and 2,000 MW of generation. This study was informed by consultation with prospective wind energy developers in the area – Origin Energy, Pacific Hydro, Transfield Services and Acciona Energy – who in conjunction with RenewablesSA have formed the Green Grid Forum to further the concept.

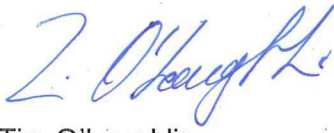
Consultation with prospective investors in the Eyre Peninsula has revealed that the Green Grid is unlikely to be viable under the current market framework as it does not effectively allow investors with varying project timelines to coordinate to build efficiently sized transmission infrastructure. A well designed SENE will address this issue.

¹ A copy of the Green Grid Study can be found at: www.renewablesa.sa.gov.au

For this reason we are strongly supportive of the SENE and have commissioned Macquarie Capital to review the 5 Options presented in the SENE Options Paper and comment on the extent to which each is likely to facilitate the efficient connection of remote generation, using the Eyre Peninsula Green Grid as a practical example. This work is intended to assist in informing the debate on the SENE with the context of its impact on a specific project.

The attached Report can be made publically available. If you wish to discuss any issues surrounding this submission please do not hesitate to contact me.

Yours sincerely



Tim O'Loughlin

Commissioner for Renewable Energy

For and on behalf of the Green Grid Forum.