

2 December 2020

Ms Merryn York
Acting Chair
Australian Energy Market Commission
Sydney South NSW 1235

Level 22
530 Collins Street
Melbourne VIC 3000

Postal Address:
GPO Box 2008
Melbourne VIC 3001

T 1300 858724
F 03 9609 8080

By online submission: AEMC ERC0320

Dear Ms York

Submission to AEMC Consultation Paper – Financeability of ISP projects

The Australian Energy Market Operator (AEMO) welcomes the opportunity to provide comment on the AEMC’s consultation paper on the financeability of Integrated System Plan (ISP) projects. This submission addresses the rule change requests of both TransGrid and ElectraNet.

AEMO’s 2020 ISP identifies investment choices and recommends essential actions that aim to optimise consumer benefits, minimise costs and the risk of events that can adversely impact future power costs and consumer prices, and maintain the reliability and security of the power system. The timely and efficient development of the major transmission projects and ISP development opportunities that form the optimal development path identified in the 2020 ISP is critical to achieving this aim and realising the \$11 billion in net benefits to the National Electricity Market (NEM) that these investments are expected to deliver.

The 2020 ISP provides an actionable roadmap to enable the development of the power system over the next 20 years, however, the decision to invest in each transmission project included in that roadmap remains with the entity responsible for implementing it (i.e. the TNSP). The financeability arrangements for ISP projects should be sufficient to allow investment in major transmission projects that have received all necessary regulatory approvals.

AEMO understands that TransGrid and ElectraNet’s proposals seek to remove barriers to securing capital without increasing the overall regulated return or the transmission costs to be recovered over the life of the ISP project. The proposed changes would yield a revenue profile that is neutral in present value terms by altering the time profile of revenue recovery rather than its value.

In summary, AEMO supports measures that facilitate the timely and efficient delivery of ISP projects in a manner that does not increase costs to consumers.

AEMO appreciates the AEMC's consideration of this submission. Should you wish to discuss any of the matters raised in this submission, please contact Kevin Ly, Group Manager Regulation, on Kevin.Ly@aemo.com.au

Yours sincerely



Peter Geers
Chief Strategy and Markets Officer