

15 July 2016

Mr. Simon Middleton
Program Director – Electricity Market Review
Public Utilities Office
Department of Finance
Locked Bag 11 Cloisters Square
Western Australia, 6850

electricitymarketsreview@finance.wa.gov.au

Dear Mr. Middleton

Role of the Australian Energy Market Operator in Local Transmission Network Planning (23 June 2016)

The Energy Networks Association (ENA) welcomes the opportunity to make a brief submission to the Western Australian Government's Department of Finance's "Position Paper on the Role of the Australian Energy Market Operator (AEMO) in Local Transmission Network Planning (23 June 2016).

The ENA is the national industry association representing the businesses operating Australia's electricity transmission and distribution and gas distribution networks. Member businesses provide energy to virtually every household and business in Australia.

The ENA understands that the Electricity Market Review is currently not inclined to have AEMO's role as National Transmission Planner under Chapter 5 of the National Electricity Rules adopted in Western Australia. However, the Review is considering whether AEMO should produce a similar document to its annual National Transmission Network Development Plan (NTNDP) that would be called the "Transmission Network Outlook" (TNO), specifically for Western Australia.

The NTNDP is seen as an independent and complementary document to that of the individual Transmission Annual Planning Reports of Transmission Network Service Providers (TNSPs) operating in the national electricity market (NEM). The NTNDP also has more scope to include: more modelling, congestion identification, economic assessments and any possible gaps in the provision of Network Support and Control Ancillary Services. It has also been underpinned by regular AEMO consultation on the inputs and assumptions utilised to frame the annual NTNDP.

The ENA notes that the TNO document is designed to be a high-level overview of system adequacy of major "transmission corridors", the adequacy of transmission system security, and contain more planning scenarios of generation and demand patterns. It may also be a useful explanatory document to assist in transitioning Western Australia from its current unconstrained network access model to a constrained network access regime.

In seeking stakeholder views on this proposal, the ENA is very mindful that it is desirable that there be minimal duplication of effort by either AEMO or Western Power, and the work is done on an economically efficient basis.

The ENA provides the following further comments, responding to the Position Paper's questions.

- » The proposed content in the TNO appears a reasonable list of key elements. These include: fuel cost assumptions, fuel conversion factors, capital cost assumptions, prevailing generation capacity, carbon price assumptions and electricity demand forecasts.
- » ENA supports national consistency in transmission planning, *where practicable*, within an incentive-based regulatory framework and where the local TNSP maintains responsibility for network investment decisions.
- » ENA supports a national framework for transmission reliability standards, with appropriate flexibility for jurisdictional specific circumstances and locational granularity.
- » Western Power should be the Jurisdictional Planning Body as it currently undertakes similar functions and has a significant amount of relevant information and experience. This seems consistent with existing arrangements in the NEM, and would apply a nationally-consistent approach.
- » AEMO is in a position to undertake the requisite work, and perform the functions required to produce the TNO documentation.
- » The initial ten-year planning horizon for the forecasts is appropriate to balance the strategic needs of the overall market and complement the investment timeframes of Western Power; and
- » ENA endorses the publication, regular maintenance and updating of the assumptions used by AEMO as part of its TNO-related database.

Should you have any additional queries, please feel free to contact Norman Jip, ENA's Senior Program Manager – Transmission.

Yours sincerely

John Bradley
Chief Executive Officer