

31/08/2018

Mr Hugo Klingenberg  
Senior Manager Network Development  
ElectraNet  
52-55 East Terrace  
Adelaide SA 5000

Dear Hugo,

### **South Australian Energy Transformation – Response to Draft Report**

TransGrid welcomes the opportunity to respond to ElectraNet's Project Assessment Draft Report (PADR) on the South Australian Energy Transformation (SAET). The PADR is the second stage in a three-stage public consultation process, under the Regulatory Investment Test for Transmission (RIT-T), to assess the costs and benefits of options to address energy transformation, while improving system security and helping to lower electricity prices.

The PADR articulates well the options considered, the market benefits of the project to the National Electricity Market (NEM) as a whole, and identifies the preferred solution of interconnection between South Australia and New South Wales (NSW) which TransGrid believes will benefit consumers in both states with lower prices.

TransGrid has collaborated with ElectraNet, providing relevant modelling inputs, cost estimates and parameters based on the market modelling approach. A program of internally and externally commissioned studies were also undertaken by TransGrid to further confirm and support ElectraNet's identification of the preferred solution.

TransGrid also worked with ElectraNet to facilitate a public forum for interested stakeholders on the SAET PADR, held in Sydney on 16 August 2018. Public consultation is an essential part of the RIT-T process to ensure the final recommended solution has long term benefits for consumers. This forum sought feedback on the preferred option and underlying assumptions from interested parties. From TransGrid's perspective, at this forum there was general consensus from participants on the appropriateness of the preferred solution; although a range of questions focussing on various aspects of the modelling, the assumptions used and the extent alternative options were considered and how they were assessed in arriving at the preferred solution were raised.

TransGrid believes ElectraNet has conducted the RIT-T process in a transparent and collaborative manner. The results show that the preferred solution will provide net market benefits to the NEM, resulting in downward pressure on wholesale electricity prices with flow on benefits to reducing consumer prices. The interconnector is also forecast to provide increased generation dispatch efficiencies, system reliability, improved system power security and greater competition between generators in different regions.

The preferred option is:

- expected to provide the highest net market benefit and provide a 'no regrets' solution
- aligned to Australian Energy Market Operator's Integrated System Plan
- supportive of the future integration of renewable generation in the area, including South Western NSW

TransGrid appreciates the opportunity to assist in the delivery of a robust RIT-T and looks forward to working with ElectraNet to complete this process. Please feel free to contact me on 02 9284 3715 for any further assistance.

Yours faithfully

*Caroline Taylor*

Caroline Taylor  
**Acting Executive Manager, Regulation**