

6 August 2020

Dear Stakeholders,

## **Project EnergyConnect Update**

Project EnergyConnect (PEC) is the proposed, new, 330-kV electricity interconnector between Robertstown, in South Australia, and Wagga Wagga, in New South Wales, that also includes a short 220-kV spur from Buronga, in New South Wales, to Red Cliffs in northwest Victoria.

### Background

On 24 July 2020, ElectraNet issued a stakeholder update to keep stakeholders informed on our updated cost benefit analysis for Project EnergyConnect, taking into account new information on both costs and benefits, including alignment with the Australian Energy Market Operator (AEMO)'s Final 2020 Integrated System Plan (ISP).

We also specifically invited submissions on the application of variable heat rates to thermal generators in our updated market modelling with submissions due by 7 August 2020. You can read the stakeholder update on our website [here](#).

In addition to posting the stakeholder update on our website, it was emailed to our stakeholder distribution list and provided to market participants and others via AEMO Communications.

### AEMO Final 2020 ISP

AEMO released its Final 2020 ISP on 30 July 2020.

The ISP reports on new system security risks emerging in South Australia that are expected to grow over time. These risks are being driven by changes to power system characteristics resulting primarily from the increasing uptake of distributed PV.

AEMO finds that the delivery of Project EnergyConnect would<sup>1</sup>:

- Deliver a wide range of market benefits that outweigh its cost;
- Significantly reduce the likelihood of operating South Australia as an electrical island, and therefore mitigate the need to procure Fast Frequency Response (FFR) to manage islanded operation;
- Resolve the need to maintain headroom of the Heywood interconnector for credible contingencies in South Australia; and
- Reduce the likelihood of operating in conditions where a separation of the South Australian power system is credible and therefore reduce the impact of limits that manage those conditions.

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<sup>1</sup> AEMO 2020 Integrated System Plan, Appendix A7.6.

Project EnergyConnect is included as an actionable project in all of the ISP candidate development paths for the National Electricity Market.

The ISP is available on AEMO's website [here](#).

#### Updated Cost Benefit Analysis

ElectraNet is aligning the inputs of its updated cost benefit analysis with the Final 2020 ISP.

These inputs are available in AEMO's modelling inputs and assumptions workbook v1.5, which is available [here](#).

The outcomes of ElectraNet's updated analysis that we continue to finalise are very similar to those reported in the ISP.

#### Notice of Project EnergyConnect Webinar

ElectraNet will be hosting a Project EnergyConnect webinar on **Thursday, 20 August from 2pm to 3.30pm (ACST)**.

The webinar will include presentations on the broader context for Project EnergyConnect within the Final 2020 ISP, the draft outcomes of ElectraNet's updated cost benefit analysis and a discussion of next steps for the project. A question and answer session will follow.

Interested stakeholders are invited to register to attend the webinar by providing their name, organisation and contact details at the address below. Further details of how to join the webinar will be provided subsequently.

#### How to Contact Us

If you have any comments or questions in relation to ElectraNet's updated cost benefit analysis for PEC or any other aspect of this stakeholder update then please contact us at [consultation.enet@electranet.com.au](mailto:consultation.enet@electranet.com.au) and we will be happy to arrange an opportunity to discuss.

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