

20 March 2015

Mr Steve Masters
Chief Executive
ElectraNet Pty Ltd
PO Box 7096, Hutt Street Post Office
Adelaide SA 5000

FROM THE OFFICE OF THE
CHIEF EXECUTIVE OFFICER

Level 22
530 Collins Street
Melbourne VIC 3000

Postal Address:
GPO Box 2008
Melbourne VIC 3001

T 1300 858724
F 03 9609 8010

Steve,
Dear Mr Masters

AEMO Endorsement of ElectraNet Network Capability Incentive Parameter Action Plan (NCIPAP) for 1 July 2015 – 30 June 2018

I am writing to you regarding AEMO's endorsement of the proposed projects under ElectraNet's NCIPAP for the period 1 July 2015 – 30 June 2018.

Under clause 5.2 of the AER's Service Target Performance Incentive Scheme (STPIS) Guidelines, TNSPs are required to consult with AEMO when developing the NCIPAP. ElectraNet and AEMO have worked collaboratively to identify options and quantify the market benefits of the projects presented by ElectraNet under the scheme. AEMO would like to thank ElectraNet for the cooperation and information supplied during this process.

Based on our assessment, AEMO endorses all six of the priority projects proposed by ElectraNet under the NCIPAP scheme. Total project costs amount to \$10.05 million. This equates to 1% of ElectraNet's maximum allowable revenue for the period of 1 July 2015 – 30 June 2018.

AEMO's project assessment methodology comprised of independent modelling and analysis of network limitations, considering historical congestion, future network flows as well as reliability and security implications.

Under the scheme, AEMO is required to prioritise the NCIPAP projects to deliver best value for money for customers. All six projects on ElectraNet's NCIPAP project list are assessed as having positive net market benefits and, in AEMO's view, will deliver value to customers. The list of endorsed projects is included as Attachment 1.

If you have any questions or would like to seek any clarification please contact Louis Tirpcou Group Manager Planning on (03) 9609 8415.

Yours sincerely



Matt Zema
Managing Director and Chief Executive Officer

Attachments: List of proposed prioritised NCIPAP projects – ElectraNet.

Attachment 1: List of proposed prioritised NCIPAP projects – ElectraNet.

Project Ranking	ElectraNet Project Number	ElectraNet Project Category	Project Name	Project Description	Capital cost (\$k)	Operating cost (\$k)	Total cost (\$k)	Benefit (annual, \$k)	Payback Period (years)	Comment
1	1	Transmission Line Upgrading	Upper South East upgrading	Upgrading Taillem Bend - Tungkillo 275 kV line and Taillem Bend - Mobilong 132 kV line.	2,300	-	2,300	2,666	0.87	
2	2	Transmission Line Upgrading	Riverland upgrading	Upgrading the following lines in the Riverland region: Robertstown – Morgan Whyalla pumping station No.3 132 kV line; Morgan Whyalla pumping station No.3 – Morgan Whyalla pumping station No.2 132 kV line; Morgan Whyalla pumping station No.2 – Morgan Whyalla pumping station No.1 132 kV line; Morgan Whyalla pumping station No.1 – North West Bend 132 kV line; North West Bend – Monash 132 kV line No.2.	4,430	-	4,430	2,473	1.79	
3	3	Transmission Line Upgrading	Robertstown – Waterloo East upgrading	Upgrading Robertstown - Morgan Whyalla pumping station No.4 132 kV line and Waterloo East - Morgan Whyalla pumping station No. 4 132 kV line.	1,330	-	1,330	312	4.28	
4	4	Planning studies	Load model enhancements	Examining characteristic load behaviour across the South Australian network.	38	67	105	-	-	ElectraNet will make the progress reports and final report available for AEMO to review.
5	5	Planning studies	Distributed Rooftop Solar PV Response to frequency	Examining solar PV inverter responses to frequency disturbances.	0	54	54	-	-	ElectraNet will make the progress reports and final report available for AEMO to review.
6	6	Transmission Line Upgrading	Lower South East upgrading	Upgrading South East - Taillem Bend 275 kV lines No. 1 and No. 2	1,830	-	1,830	317	5.78	Full project benefits may be restricted by stability limits under certain operating conditions, however this is not expected to prevent sufficient benefits from being achieved.