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RIT-T: Project Assessment Draft Report - Baroota Substation Upgrade

The Energy Supply Association of Australia (esaa) welcomes the opportunity to provide comments to ElectraNet's and SA Power Network's Regulatory Investment Test for Transmission (RIT-T) Project Assessment Draft Report (PADR) for the Baroota substation upgrade.

The esaa is the peak industry body for the stationary energy sector in Australia and represents the policy positions of the Chief Executives of 37 electricity and downstream natural gas businesses. These businesses own and operate some \$120 billion in assets, employ more than 59,000 people and contribute \$24.1 billion directly to the nation's Gross Domestic Product.

The esaa welcomes the determination by ElectraNet and SA Power Networks to recommend the Essential Services Commission of South Australia (ESCOSA) remove the category 2 reclassification of the Baroota connection point from 1 December 2017. We further support the discontinuance of this RIT-T process subject to ESCOSA accepting the recommendation and retain the existing category 1 classification for the Baroota connection point.

The National Electricity Market and South Australia in particular have experienced significant change in market conditions since the Australian Energy Market Operator (AEMO) conducted the original economic analysis in 2010 and ESCOSA reclassified the Baroota connection point to category 2 in 2012. As noted by the proponents, the rapid uptake of rooftop solar PV systems has exacerbated the trend of declining demand leading to a decline in the economic feasibility of the reliability upgrade.

We appreciate ElectraNet and SA Power Networks have been proactive in conducting their own economic analysis considering these and other changes that have occurred. The revised value of customer reliability, developed by AEMO and sensitivity analysis relating to the size of interrupted load are likely to produce more accurate economic values compared to previous methodologies adopted.

The esaa support reliability standards that reflect the costs which consumers are willing to pay. Given that no feasible network or non-network option has been

identified that produces a net economic benefit, we support ElectraNet's and SA Power Network's consideration that it would not be in the interests of consumers to proceed with the reliability upgrade as required under the Electricity Transmission Code.

If you have any questions relating to this submission, please contact Fergus Pope on 03 9205 3107 or by email to fergus.pope@esaa.com.au.

Yours sincerely

A handwritten signature in blue ink that reads "Kieran Donoghue". The signature is written in a cursive style with a long, sweeping tail on the final letter.

Kieran Donoghue
General Manager Policy