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20 June 2017

Hugo Klingenberg  
Senior Manager Network Development  
ElectraNet Pty Ltd

Dear Hugo,

### **Meridian Energy Submission – Regulatory Investment Test for Transmission**

Meridian Energy Australia Pty Ltd (*Meridian*) thanks ElectraNet for the opportunity to provide comments in relation to the Regulatory Investment Test for Transmission in relation to improving the reliability of supply to Port Lincoln in South Australia, including options to replace or upgrade the transmission lines serving the lower Eyre Peninsula.

Meridian, as the owner and operator of the Mt Millar Wind Farm (*Mt Millar*), is well aware of the constraints imposed on the electrical infrastructure serving the region. The Project Specification Consultation Report (*PSCR*) clearly sets out the options under review and highlights several of the key issues to be assessed in considering the options presented.

Meridian would like to draw ElectraNet's attention to the following matters:

- As explained in the PSCR, investment in the Eyre Peninsula transmission network brings the potential for significant market benefits including relieving constraints on existing Eyre Peninsula wind farms and allowing for investment in additional wind farms in an area widely renowned as having the best wind resources in Australia. The failure of the network to be able to support such investment at a time of major development in renewable energy imposes significant market costs that are borne by all customers.
- While Option 1, set out in the PSCR, may appear attractive we are concerned that by restricting further growth in the area (both generation and load) and providing a less robust and secure network solution, this option is likely to be substantially less attractive when assessed on a genuine long term basis.
- The nature of the support provided in Option 1, while it may technically meet reliability standards, is not truly comparable with the other options provided in the PSCR. For example, Option 1 provides for specified voltage support levels only during islanded mode, meaning that voltage support is not provided at other times, which is currently limiting supply capacity in the area.
- It is extremely difficult to forecast the likelihood of additional generation or load connecting as the current constraints have served to limit investment in even preliminary studies. We believe that additional investment in the network will lead to additional connections of both generation and load. As an example, Meridian is exploring development of new large scale solar plants and although the Eyre Peninsula has many



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advantages, including an existing connection arrangement for us at Mt Millar, we have excluded such a location from our explorations.

Meridian would be happy to assist ElectraNet in assessing the benefits of each of the options outlined in the PSCR and in particular, the benefits associated with removing constraints on existing and new generation.

Yours sincerely

Angus Holcombe  
Meridian Energy Australia – Asset Manager