



TransGrid

Generator Information Forum

TNSP Incentive Scheme

what it is and what it means for new connections

31 January 2012



Explaining the Incentive Scheme

- The AER administered Incentive Scheme
- Why this is relevant for connections?
- The transaction between TransGrid and the customer
- An example

The AER administered Incentive Scheme



TransGrid transmission determination 2009–10 to 2013–14

The service component of the scheme...provides incentives in the operation of the network to maximise transmission circuit availability, minimise loss of supply event frequency and minimise average duration.

AER TransGrid Final Decision 28 April 2009

Structure of the Scheme and guidance on amounts

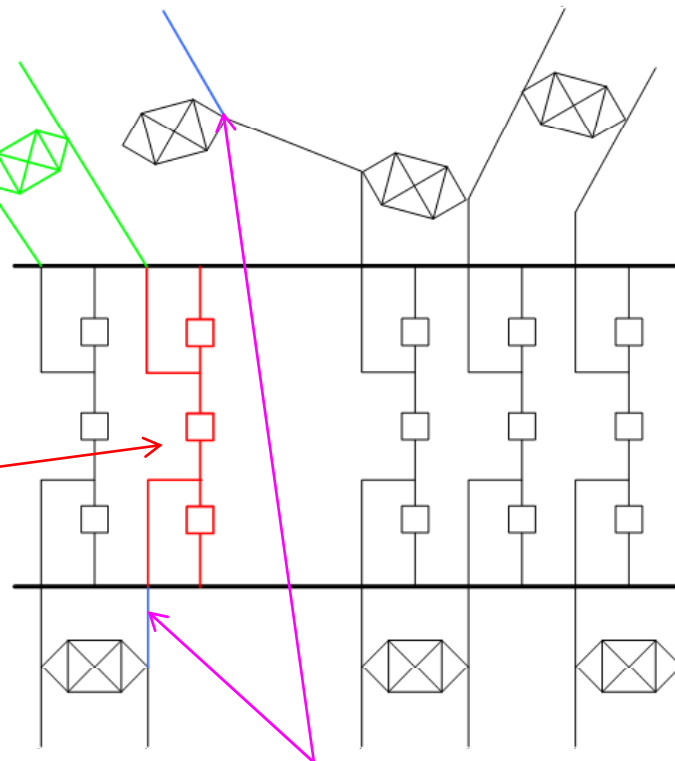
- Availability component
 - ~ cost can be up to \$982 per hour of line outage
- Market impact component – dispatch intervals where the outage causes a marginal value greater than \$10/MWh to the AEMO dispatch process
 - ~ can cost up to \$5,810 per 5-minute dispatch interval where an outage results in a network constraint



Why this is relevant for connections? - Brown Fields

Connection of generator assets

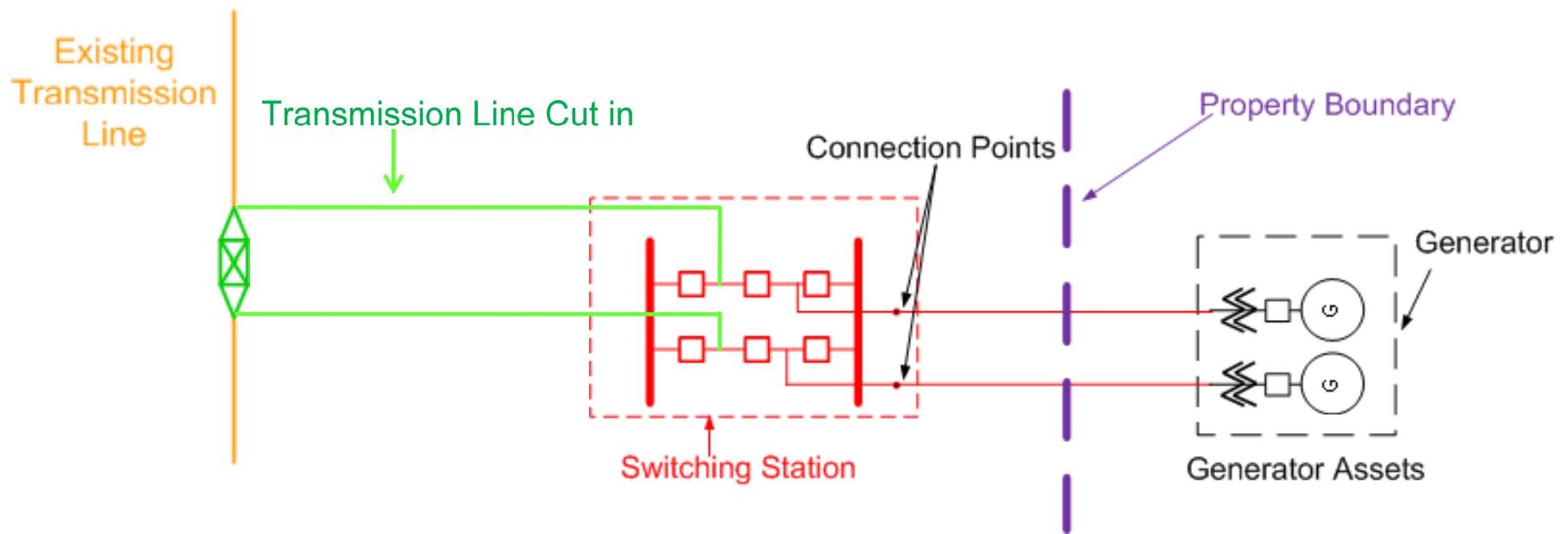
Construction within live substation



Existing Substation

Re-arrangement of existing line connections

Why this is relevant for connections? - Green Fields



Outage Operations + sample line-turn-in program for a Green Field connection

- Scheduling is managed by TransGrid Operating Planning staff – normally for ‘shoulder’ Autumn, Spring periods

No of 10 hour daily outages	Tasks
3	Build new tower, join conductors, terminate the conductor, bypass the new tower to form a contiguous circuit, demolish existing towers
7	Overhead earth wire replacement
1	Final cut-in
11	

The transaction between TransGrid and the Customer

- TransGrid will undertake the same outage mitigation measures to limit market impact exposure for customer jobs as it does for its own jobs.
- TransGrid will not assume any risk for any Incentive Scheme revenue foregone or any loss incurred arising from the outage taken to connect the Customer.
- TransGrid seeks only to be reimbursed for any Incentive Scheme revenue foregone or any loss incurred.



The transaction between TransGrid and the Customer...cont

- The reimbursement has been deliberately separated from the commercially negotiated Connection Fee within the Connection Agreement.
- Full transparency using AEMO data can be given on how TransGrid calculates Incentive Scheme revenue foregone or any loss incurred arising from the outage taken to connect the Customer.
- The reimbursement calculation is taken from the data submitted by TransGrid on an annual basis to the AER.

An example – sample line-turn-in 11 day program for a Green Field connection

Historical data indicates there is an average of 3 qualifying dispatch intervals per outage taken for the TL between Bannaby to Yass



Scheme Component	Outage Scenario	Formula	\$
Availability	11 days of 10hr daily outages	110hrs X \$982.00	108,020
Market Impact	3 qualifying dispatch intervals per day	3DIs X11 days X \$5,810	191,730
			299,750

Explaining the Incentive Scheme

- Questions?