

31/03/2021

Ms Anh Mai
Executive Director
Renewable Energy Zones Delivery Division
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EAST MELBOURNE VIC 3002

Lodged by email: REZDevelopment@delwp.vic.gov.au

Dear Ms Mai

Submission to directions paper on Victorian renewable energy zones development plan

We welcome the opportunity to respond to the Victorian Government's directions paper on its renewable energy zones (**REZ**) development plan (**the plan**).

We understand the Victorian Government is developing the plan to resolve issues faced by renewable energy developers in seeking to connect to the Victorian transmission network and to enable coordinated generation and transmission investment in the State in a timely and efficient manner.

With over 60 years' experience as the transmission operator and manager in New South Wales (**NSW**) and the Australian Capital Territory (**ACT**), and an owner and operator of transmission system assets in Victoria under our declared transmission system operator (**DTSO**) licence, we are uniquely placed to assist the Victorian Government on its reforms.

TransGrid currently has approximately 5GWs in total renewable connections in NSW, Victoria and the ACT jurisdictions. TransGrid has also managed and/or overseen the registration of 13 renewable energy projects since 1 July 2020 with an installed capacity of almost 2GW.

Assets owned in Victoria by TransGrid currently includes:

- Deer Park terminal station (Melbourne).
- Kiamal solar farm transmission network connection.
- Berrybank 1 and 2 wind farm transmission network connection.

Given our experience in operating the NSW and ACT transmission network as well as our large portfolio of renewable generation connections, TransGrid would like to provide the following comments for consideration.

1. The REZ development plan

We support the **objective of providing coordinated generation and transmission investment** to support reliable, low emissions electricity supply at lower cost. Efficiently located large scale renewable generation connected into the grid is critical to facilitating the transition to a clean energy future for Australia.

TransGrid is currently partnering with the NSW Government to plan and deliver new transmission infrastructure for Australia's first coordinated REZ in the Central-West Orana region of NSW.

In addition, TransGrid is currently undertaking the development of the New England Transmission Infrastructure (**NETI**), co-ordinating the development and funding of shared dedicated transmission assets by a number of large scale renewables generators. This is a pilot for future REZ models.

TransGrid would welcome the opportunity to share our experiences and lessons learnt from our participation in these projects.

2. The delivery of REZs

It is important that the arrangements for REZs **provide flexibility** in order to enable fit for purpose approaches for the delivery of each REZ. We expect that each REZ will have unique circumstances and challenges in terms of how it is planned and developed.

One of the keys to successful implementation of the REZs will be **careful consideration of the appropriate risk allocation**, with liability allocated to the party most able to manage the risk, and that party being adequately compensated for the risk taken.

Risks and liabilities, as well as associated compensation, needs to be clearly outlined to provide certainty to investors in the transmission and generation infrastructure.

3. Governance of REZ planning and development

We **support the role of a central planning body**, such as VicGrid, to oversee the planning and development of REZs.

In addition, it is our view that there is benefit in a single point of accountability for the **planning of the overall transmission network**, including REZ transmission investment, in each National Electricity Market (**NEM**) region.

The benefits of a single point of accountability include:

- the efficient long term design of the transmission network in each NEM region and the NEM as a whole,
- avoiding unintended reliability and security concerns which result from multiple parties being involved, and
- enabling the related ancillary and system services to be planned and developed at an overall network level which will facilitate better, lower cost, outcomes for consumers.

4. Provision of system services resulting from the REZ plan

As the transition to large scale renewable energy increases, there are a number of resultant system services requirements needed for the security of the electricity system. One of these system services requirements is system strength. We have requested that the Australian Energy Market Commission (**AEMC**) make a change to the National Electricity Rules to ensure that system strength is co-ordinated, efficient and lower cost for consumers. Our rule change request achieves this outcome by requiring system strength planning and development to be undertaken by the jurisdictional planner in each NEM region. The Victorian Government should consider the role of system strength planning in its establishment of the REZ development plan framework.

We welcome the opportunity to respond to the Victorian Government's directions paper. If you require any further information or clarification please contact me or Neil Howes, Manager Policy Reform Office, at neil.howes@transgrid.com.au.

Yours faithfully,

Eva Hanly
Executive Manager, Strategy, Innovation and Technology