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Tuesday, 12 September 2023

Ms Stephanie Jolly
General Manager, Market Performance
Australian Energy Regulator
GPO Box 3131
Canberra ACT 2601
Lodged online: rro@aer.gov.au

Dear Stephanie

Reliability instrument request - New South Wales region 2026-27

Transgrid welcomes the opportunity to make this submission in response to the Australian Energy Market Operator's (AEMO) request that the Australian Energy Regulator (AER) makes a T-3 reliability instrument in relation to the New South Wales region.

Transgrid operates and manages the high voltage electricity transmission network in NSW and the ACT, connecting generators, distributors and major end users. We have an important role in managing one of the key parts of the Australian energy system as it supports the transition to a lower carbon economy. We remain committed to playing our part in delivering the major transmission investments identified in the Integrated System Plan, which will provide significant benefits to consumers.

The introduction of the Retailer Reliability Obligation (RRO) in July 2019 anticipated the reliability challenges that may arise as Australia transitions to a lower carbon economy. The purpose of the RRO is to provide stronger incentives for market participants to invest in the right technologies in regions where it is needed, to support reliability for the benefit of consumers. AEMO has a key role in activating the RRO through the annual publication of its Electricity Statement of Opportunities (ESOO), which identifies any potential reliability gaps in each NEM region over the next five years.

AEMO's request that the AER makes a T-3 reliability instrument in relation to the New South Wales region follows its publication of the 2023 ES00, which identified a forecast reliability gap in the New South Wales region during 2026-27. The forecast reliability gap is 250 MW for the period 1 December 2026 to 31 March 2027 inclusive. During this period, AEMO's peak demand forecast is 13,890 MW based on a 50% Probability of Exceedance.

Transgrid understands the AER has limited discretion in assessing AEMO's request. In particular, we note clause 4A.C.11 of the National Electricity Rules which states that in considering if it is appropriate to make a reliability instrument the AER must only assess whether:

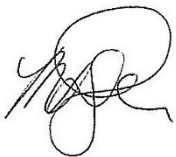
- there are material errors in AEMO's calculations or input data as it relates to the reliability forecast; and

- AEMO has made any assumptions underpinning its forecast data that are inaccurate and which have had a material impact on unserved energy outcomes in the reliability forecast; and
- there are material errors in AEMO's calculations or input data as it relates to the reliability forecast.

Transgrid was actively involved in AEMO's development of its 2023 ESOO, including its 2023 Inputs Assumptions and Scenarios Report. While forecasts are inherently uncertain, Transgrid is not aware of any matters that would lead the AER to not make the reliability instrument for the New South Wales region in accordance with AEMO's request.

If you have any queries regarding this submission, please contact Neil Howes in the first instance by email Neil.Howes@transgrid.com.au.

Yours faithfully



Maryanne Graham
Executive General Manager
Corporate and Stakeholder Affairs