

# Powerlink's Customer Panel Meeting

28 March 2019



- Welcome and introductions
- Update on RIT-T process for expanding the NSW-QLD transmission transfer capacity
- Update on RIT-T for replacement projects
- 'The Year of Transmission': Update on the regulatory environment
- Australian Energy Regulator benchmarking
- Co-Design Engagement Strategy Workshop for Powerlink's next Revenue Determination – draft agenda
- *Afternoon tea break*
- 2020 Integrated System Plan (AEMO)
- Close and thanks

# Update on RIT-T process for expanding the NSW-QLD transmission transfer capacity

Stewart Bell

Executive General Manager Delivery and Technical Solutions





## BACKGROUND

- Powerlink & Transgrid progressing RIT-T for expanding transmission transfer capacity between Qld and NSW
- Five types of options presented in Project Specification Consultation Report (PSCR) published in December 2018
- Options differ in scale and technology
- Build on options identified in AEMO's Integrated System Plan (ISP)

## NEXT STEPS

PSCR public submissions closed 22 February – 10 submissions received.

Next formal regulatory milestone is publication of Project Assessment Draft Report (PADR).

Includes analysis of options, including responses to public submissions received.

PADR expected to be released later in 2019.

Continuing consultation with key stakeholders, regulators, consumer advocates, market participants and customers.

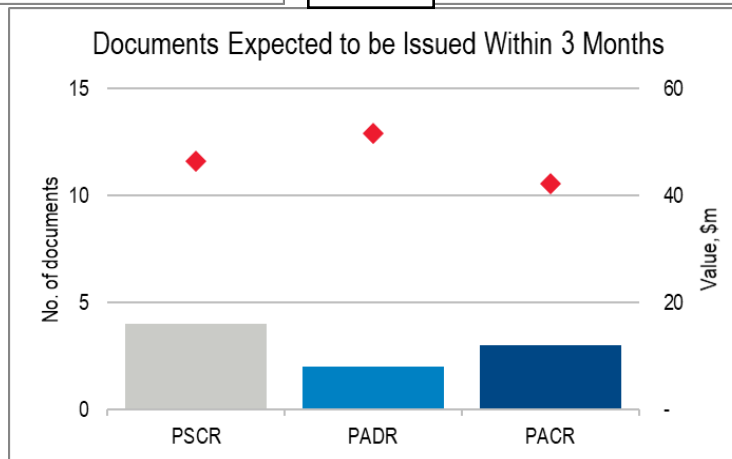
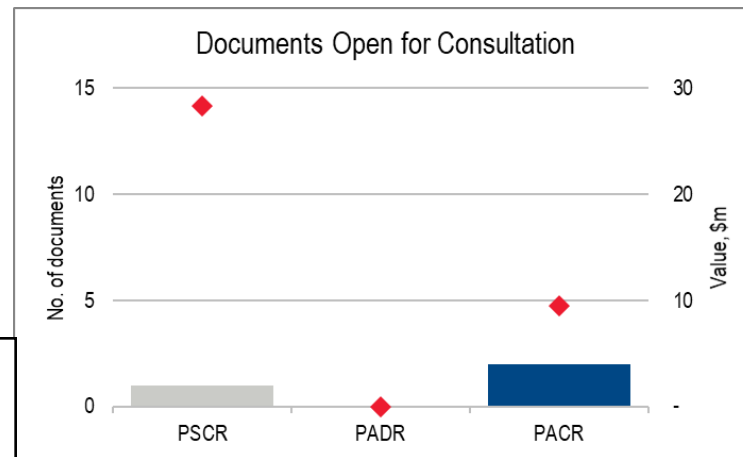
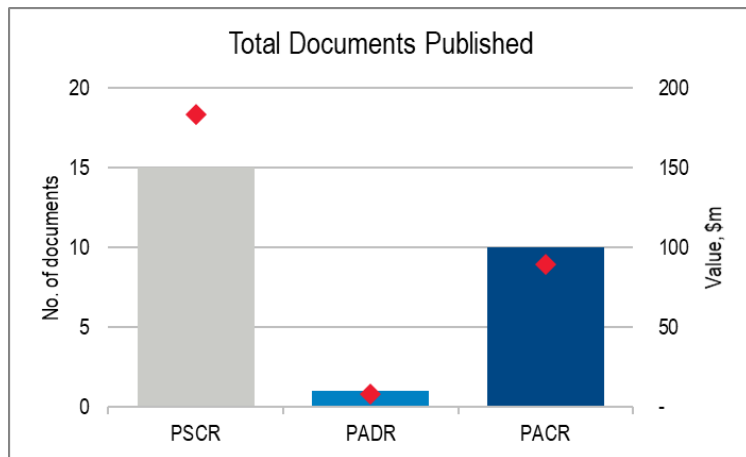
ESB Rule change seeking 'early implementation of ISP priority projects' (including QNI) is ongoing – submissions closed 21 March 2019, expect Rule change to be published 18 April 2019.

# Update on RIT-T for replacement projects

Roger Smith  
Manager Network & Alternate Solutions



# RIT-T consultations in progress and upcoming



# RIT-T consultations in progress and upcoming



Engagement level	Project characteristics	RIT-T consultations	Proposed engagement activities
Minor (PADR Exempt)	<ul style="list-style-type: none"> <li>• Non-network options unlikely</li> <li>• No material market benefits identified</li> <li>• Preferred option &lt;\$41 million</li> </ul>	<ul style="list-style-type: none"> <li>• Townsville Primary Plant</li> <li>• Ross Primary Plant &amp; Transformer</li> <li>• Woree Secondary Systems</li> <li>• <a href="#">Kemmis Secondary Systems</a></li> <li>• <a href="#">Mudgeeraba Secondary Systems</a></li> <li>• <a href="#">Blackwater Transformers</a></li> <li>• <a href="#">Lilyvale Primary Plant and Transformers</a></li> </ul>	<ul style="list-style-type: none"> <li>• Notification to Powerlink Non-Network Engagement Stakeholder Register</li> <li>• AEMO Notice and summary</li> <li>• Publication of RIT-T project details on Powerlink website</li> <li>• Dedicated email contact to Customer Panel members</li> <li>• Alerts through Powerlink's Twitter and LinkedIn accounts</li> </ul>
Normal	<ul style="list-style-type: none"> <li>• Minor network reconfiguration / material impact on network users</li> <li>• Possibility of non-network options</li> <li>• Material market benefits identified</li> </ul>	<ul style="list-style-type: none"> <li>• Kamerunga Primary Plant &amp; Secondary Systems</li> <li>• Egans Hill – Rockhampton Transmission Line</li> </ul>	<p>In addition to engagement activities at minor level:</p> <ul style="list-style-type: none"> <li>• Webinars</li> <li>• Stakeholder briefings</li> <li>• Discussion at Powerlink's Customer Panel</li> </ul>
Complex	<ul style="list-style-type: none"> <li>• Network reconfiguration / material impact on multiple network users</li> <li>• Likelihood of non-network options</li> <li>• Significant market benefits identified</li> </ul>	<ul style="list-style-type: none"> <li>• Clare South – Townsville South</li> <li>• QNI</li> </ul>	<p>In addition to engagement activities at normal level:</p> <ul style="list-style-type: none"> <li>• Stakeholder engagement plan</li> <li>• Phone calls to key stakeholders</li> <li>• Emails to all identified stakeholders</li> <li>• Dedicated engagement forum to seek feedback on options</li> </ul>

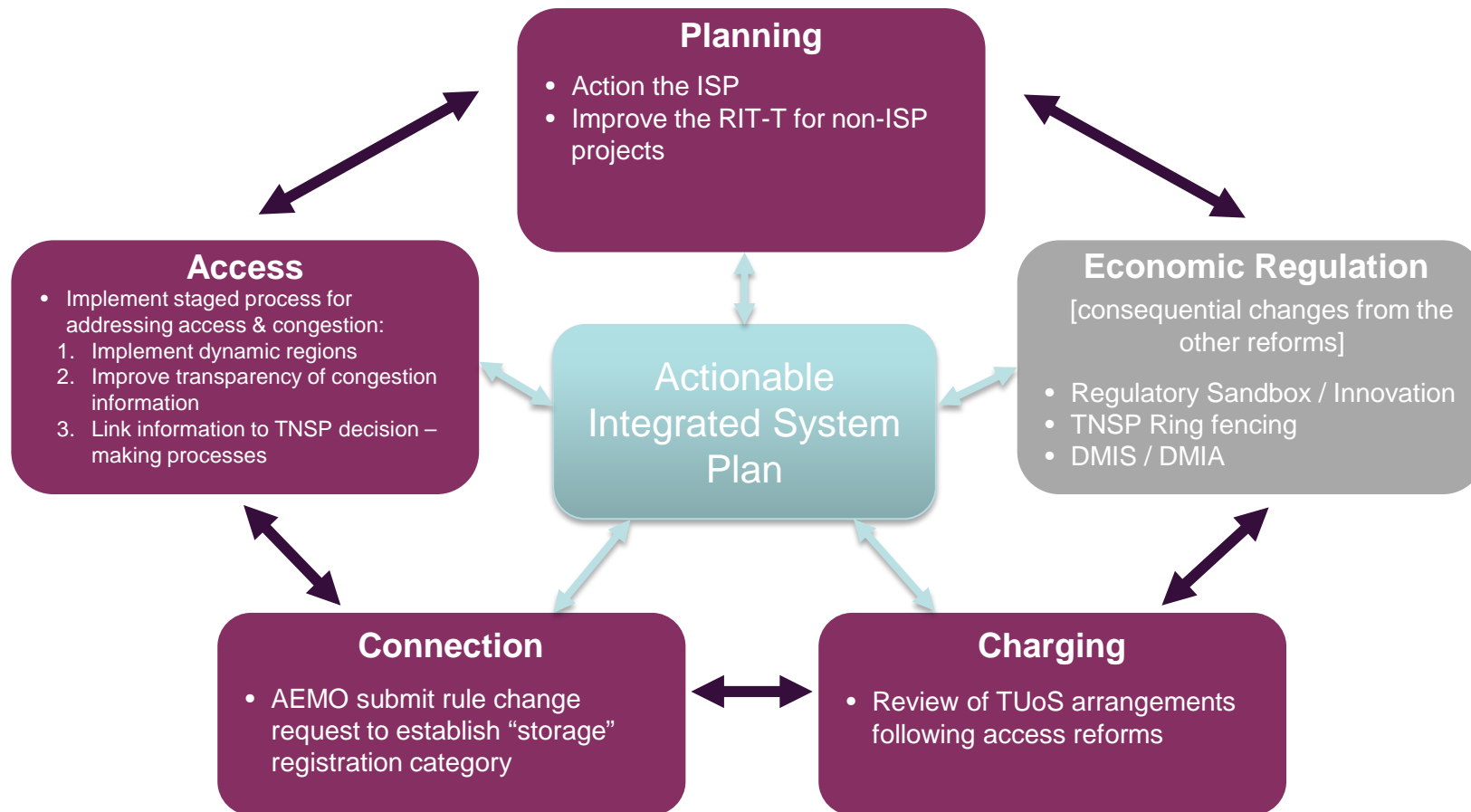
- Revised AER RIT-T Application Guidelines issued in December
  - base case that quantifies risk of 'do nothing'
  - firm link to regulatory and jurisdictional obligations to take corrective action
  - no change to approach taken with customer engagement.
- Guidance on interpretation of obligations and trigger for corrective action being developed
  - similar to reliability planning criteria
  - proposal to engage with Customer Panel.



# ‘The Year of Transmission’ – Update on the regulatory environment

Jenny Harris  
General Manager Network Regulation





# Regulatory environment - COGATI and other consultations



Market Intervention Mechanisms

Government Support for targeted Investment (Gen and Tx - REZs)

Open Energy Network (DSO)

## Planning

- Action the ISP
- Improve the RIT-T for non-ISP projects

QNI Upgrade RIT-T  
ENA RIT-T Handbook

## Access

- Implement staged process for addressing access & congestion:
  1. Implement dynamic regions
  2. Improve transparency of congestion information
  3. Link information to TNSP decision – making processes

## Economic Regulation

[consequential changes from the other reforms]

- Regulatory Sandbox / Innovation
- TNSP Ring fencing
- DMIS / DMIA

## Actionable Integrated System Plan

Power System Resilience (frequency, inertia, strength)

## Connection

- AEMO submit rule change request to establish “storage” registration category

## Charging

- Review of TUoS arrangements following access reforms

Pricing Consultation

Confidentiality of Connections

# Australian Energy Regulator benchmarking

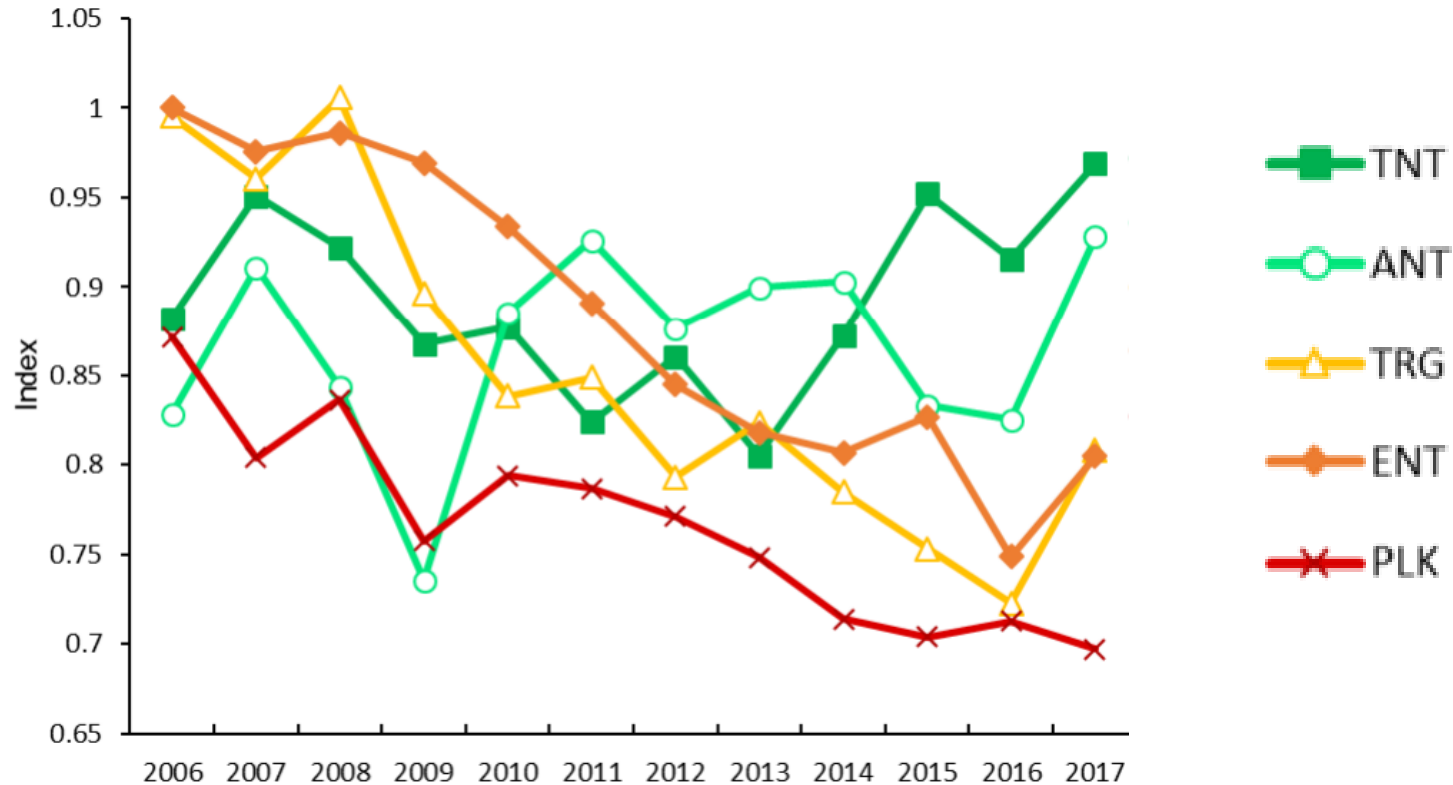
Greg Hesse  
Senior Regulatory Specialist – Technical



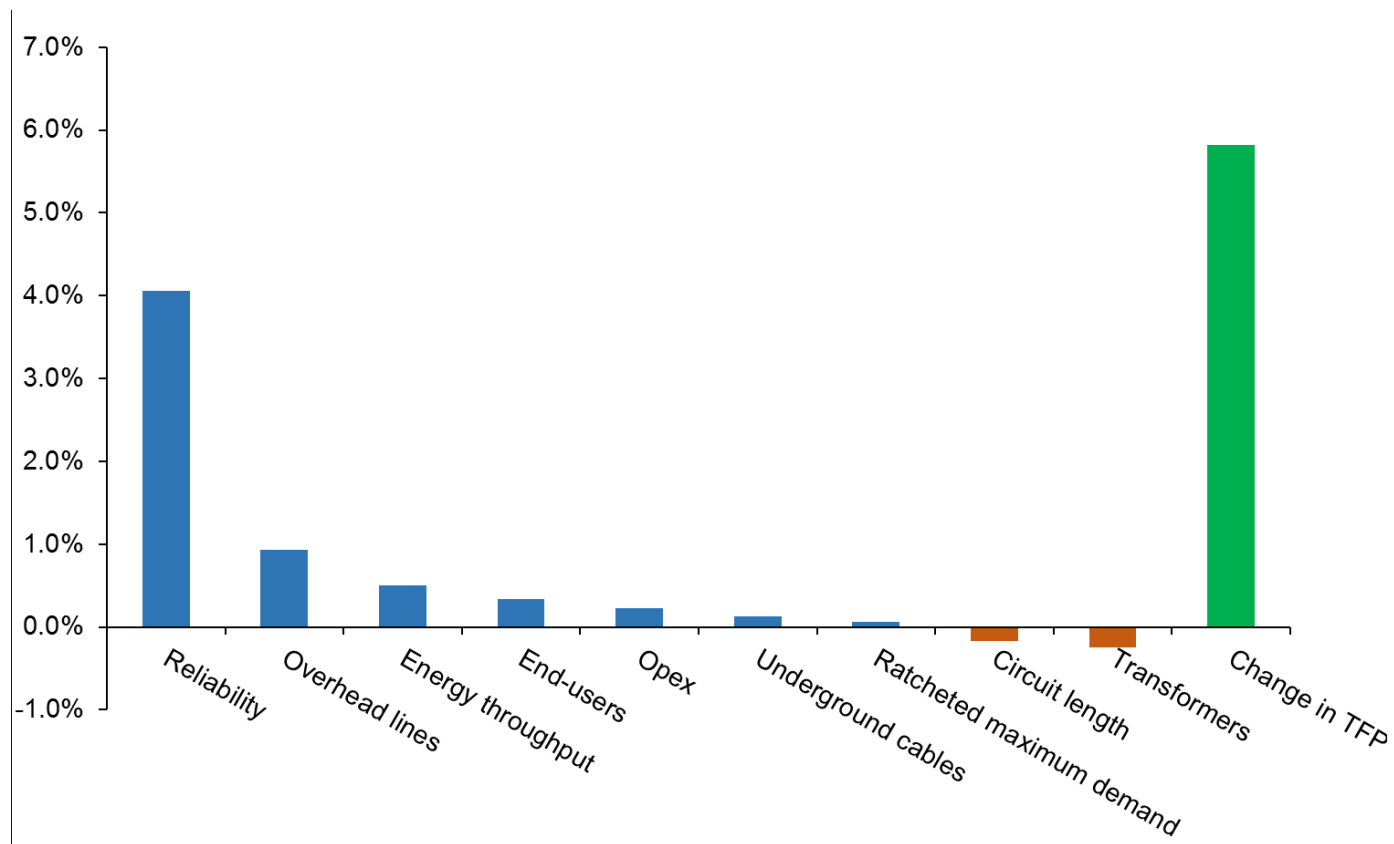
- Recap on AER benchmarking results
- Understanding the AER Benchmarking Model
- What is Powerlink focusing on?



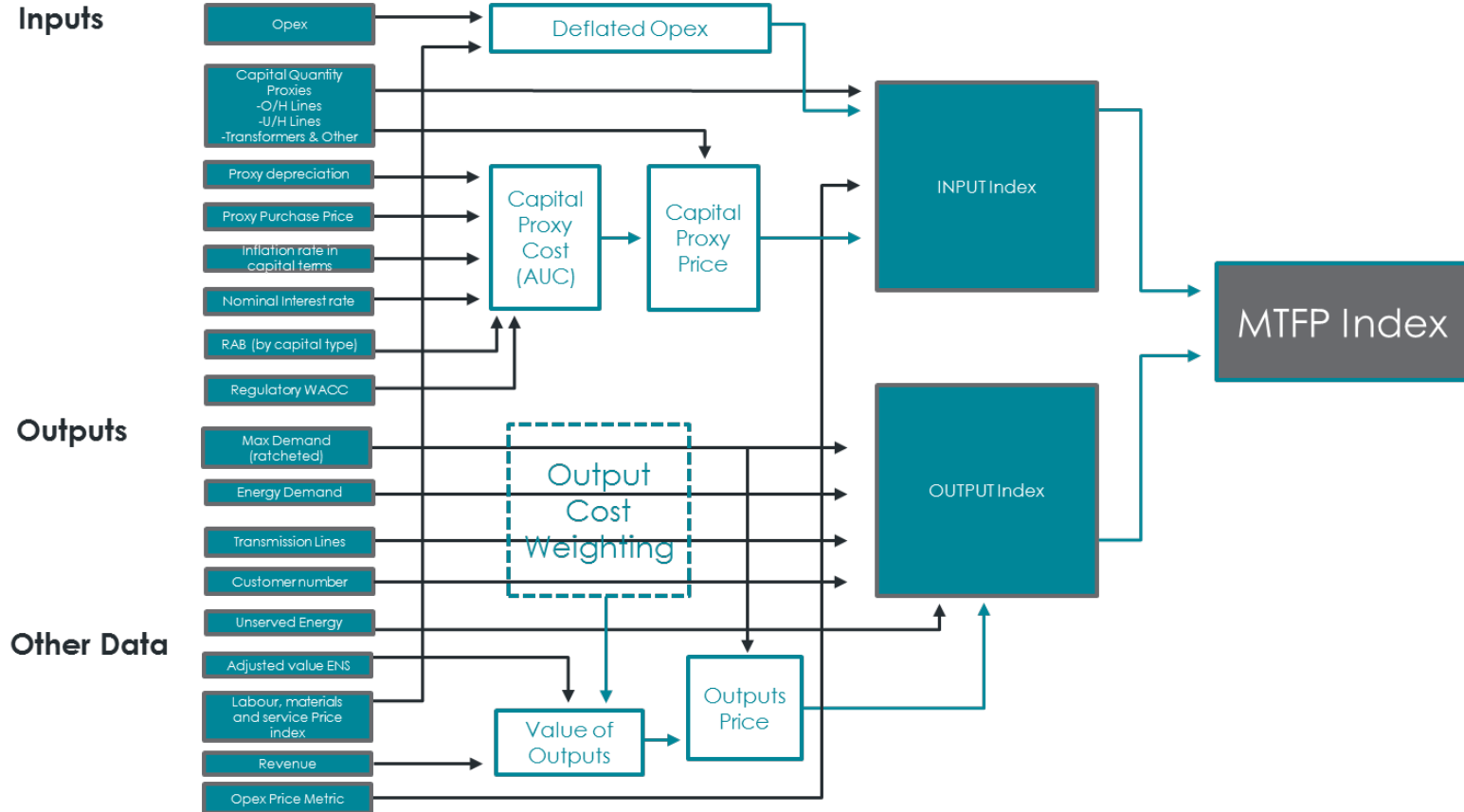
# AER Benchmarking Report - Multilateral Total Factor Productivity



# AER Benchmarking Report – Contributions to TFP change 2016 to 2017



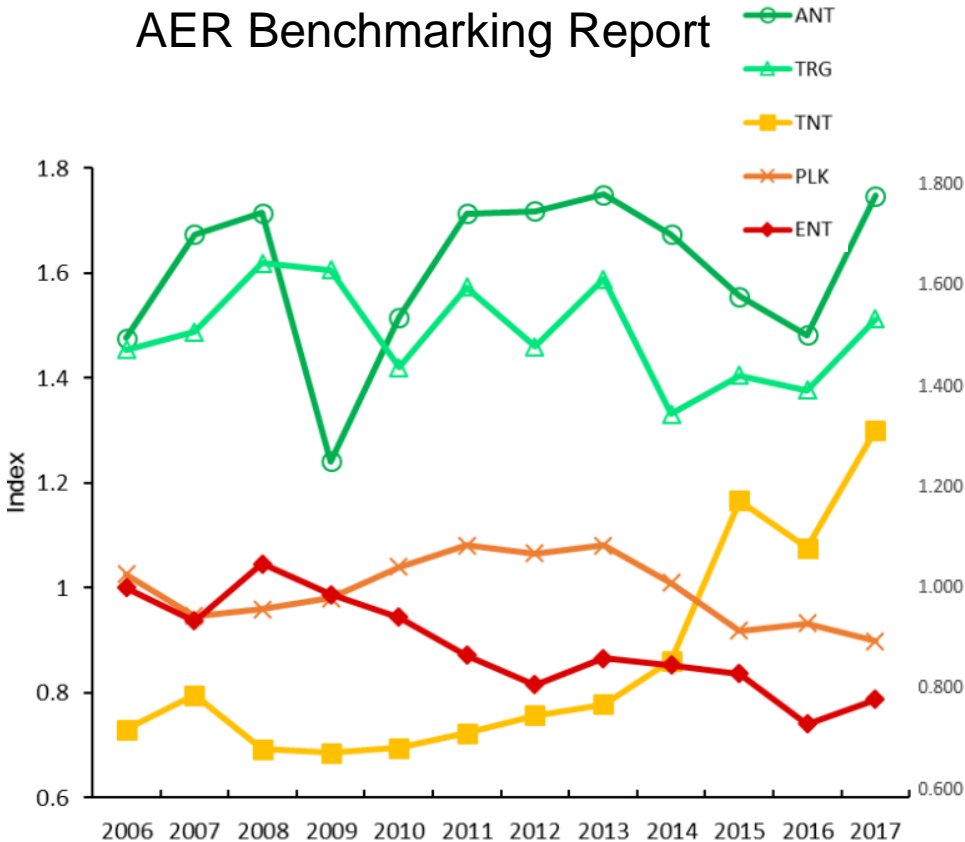
# AER Benchmarking Model – it's complicated!



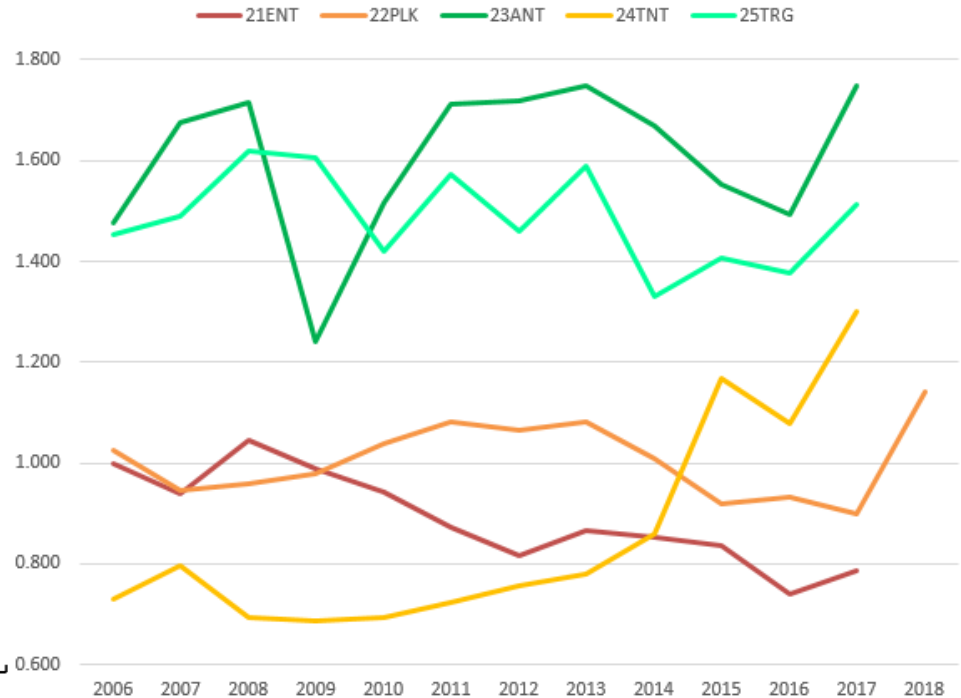
# What is Powerlink focusing on? Opex PFP forecast



## AER Benchmarking Report



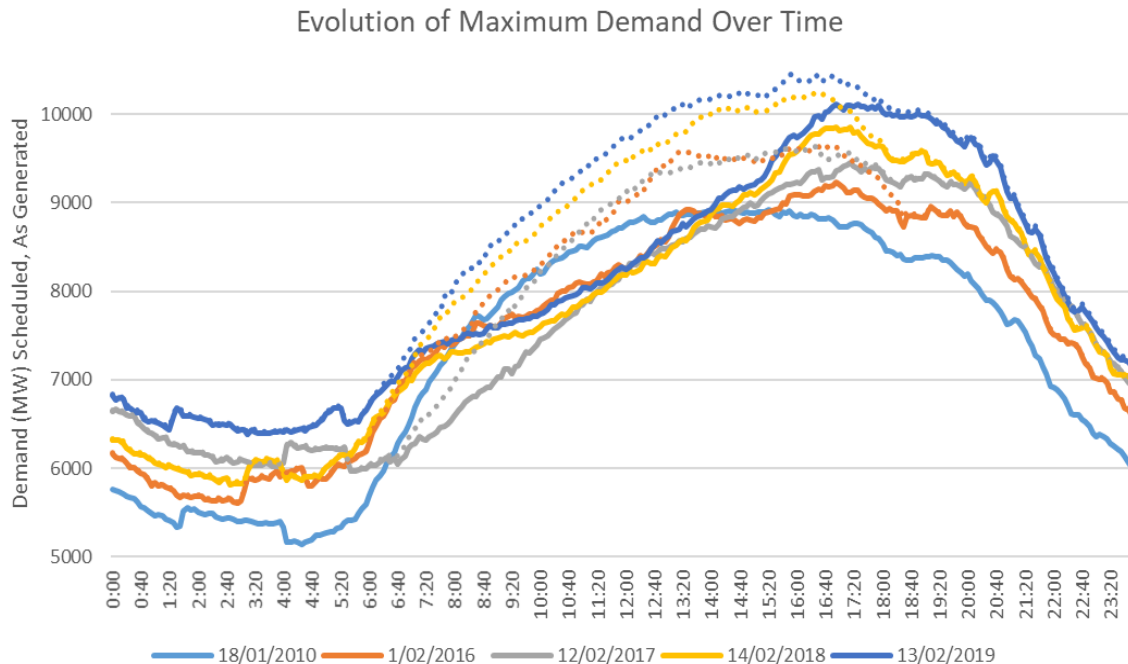
## Powerlink model



# Peak Queensland demand 2018/9 Summer



- New 'Operational Demand' record: 10,044MW on 13/02/2019
- On 18/01/2010 demand was >90% of maximum demand from 0930 – 2030hrs (11 hrs)
- On 13/02/2019 the top 10% of demands were from 1400 – 2100hrs (7 hrs)
- The change in time and duration of peak demands provides opportunities for alternative solutions to meet these peaks



Dashed lines include the estimated production from rooftop solar to indicate end-use consumption



## **Increase outputs**

- Maximum demand and energy throughput (combined 42.5% weighting) – maximise the use of the existing network without triggering augmentation
- Circuit length (37.6% weighting) – don't decommission circuits before time
- Customer numbers (19.9% weighting) – can't really influence this
- Energy not supplied (~ -1.6% weighting, capped at -5.5%) – actions to reduce this negative influence may lead to higher capital and operating costs and longer project delivery times.

## **Decrease inputs**

- Opex (~26% weighting) – already shown the forecast impact of a step change down in Opex for 2017/18
- Capital (~74% weighting) – based on RAB, not year-on-year capex, so focus is on only investing in what is necessary.

# Co-Design Workshop Energy Charter Disclosure Report

Gerard Reilly

General Manager Communications



- One-day workshop on Friday 24 May.
- Proposed key areas for discussion:
  - What is the best engagement approach i.e. New Reg considerations?
  - What aspects have the greatest opportunity for influence through meaningful engagement?
  - How should we engage with our customers and stakeholders during this process?
  - How can we improve energy literacy and present information to support meaningful engagement?
- We welcome your feedback on the draft agenda by **COB Friday 12 April.**

- Proposed approach and key metrics for Disclosure Report
- Statement from Customer Panel
- Draft Disclosure Report at August Panel Meeting
- EOI for Accountability Panel



## The Energy Charter

Afternoon tea break

