



Supergrid Strategy ~ Priority Transmission Investment engagement model

Sub-Customer Panel Working Group | Session 01

10th July 2023
1.30pm – 3pm

AGENDA

Today we will cover

Focus on defining scope of group and sharing information to build shared knowledge

- Section 1 – design of the engagement, overview and clarifications (20-30mins)
- Section 2 – Introduction to proposed high level PTI model and open discussion (60mins)

Outcomes from today:

- Design of the engagement
- Collective understanding of key information
- Perspectives on key questions to support design of detailed sessions ahead



Section 1

Design of the engagement, overview and clarifications

Our work and approach

Design of engagement

- Context
- Problem/opportunity statement
- Purpose of working group
- Target outcomes
- Timeline

Design of the engagement

WORKING DRAFT

Context

- A new investment test pathway is proposed for the 'priority transmission investments' to support the outcomes of the QEJP. These investments may not readily meet the efficient need and timing under a RIT-T due to the interconnected nature of the suite of works, and may also include benefits that are not explicitly allowed within the RIT-T.
- The Qld Government has published a draft Renewable Transformation Bill detailing the high-level architecture of a new PTI process, but the scope and nature of engagement and information provision in this process is not fully prescribed.

Statement of problem/opportunity

- Focusing on Powerlink's role in the PTI process, how do we demonstrate and undertake meaningful engagement and sufficient information sharing to support confidence in Supergrid Priority Transmission Investment need, prudence and efficiency.
- Key guardrails:
 - Draft bill not in scope for discussion
 - Cost recovery / who pays out of scope. Focus is on information provision and engagement.
 - Remember, whole-of-system least-cost frame
 - Project landholder / community infrastructure hosting engagement out of scope.

Design of the engagement

WORKING DRAFT

Purpose of working group:

- Develop a high level of understanding of the proposed PTI process as defined in the draft Renewables Transformation Bill
- Inform principles &/or outcomes of 'effective' engagement and information disclosure for PTI investments
- Identify stages at which engagement and/or information disclosure is relevant and to generate preferred option/s:
 - What type/s of engagement with whom
 - What information and how this is published
 - Target engagement at “Involve” on IAP2 spectrum

Target outcomes

- Documented process of engagement / engagement option(s)
- Framework for information to be disclosed at relevant points in the PTI process
- Approach for flexible application of these

Design of the engagement

WORKING DRAFT

Draft timeframe of engagement & activities

- First work period: July – October
- Monthly meetings?
- Actions between meetings

Section 2

Introduction to proposed high level PTI model and open discussion

Proposed High Level Model

Priority Transmission Investment (PTI)

Today we will cover

Key current information on the PTI framework:

- Key features of the framework
- Key process elements
- Consultation framework

Priority Transmission Investment (PTI)

Key features of the framework

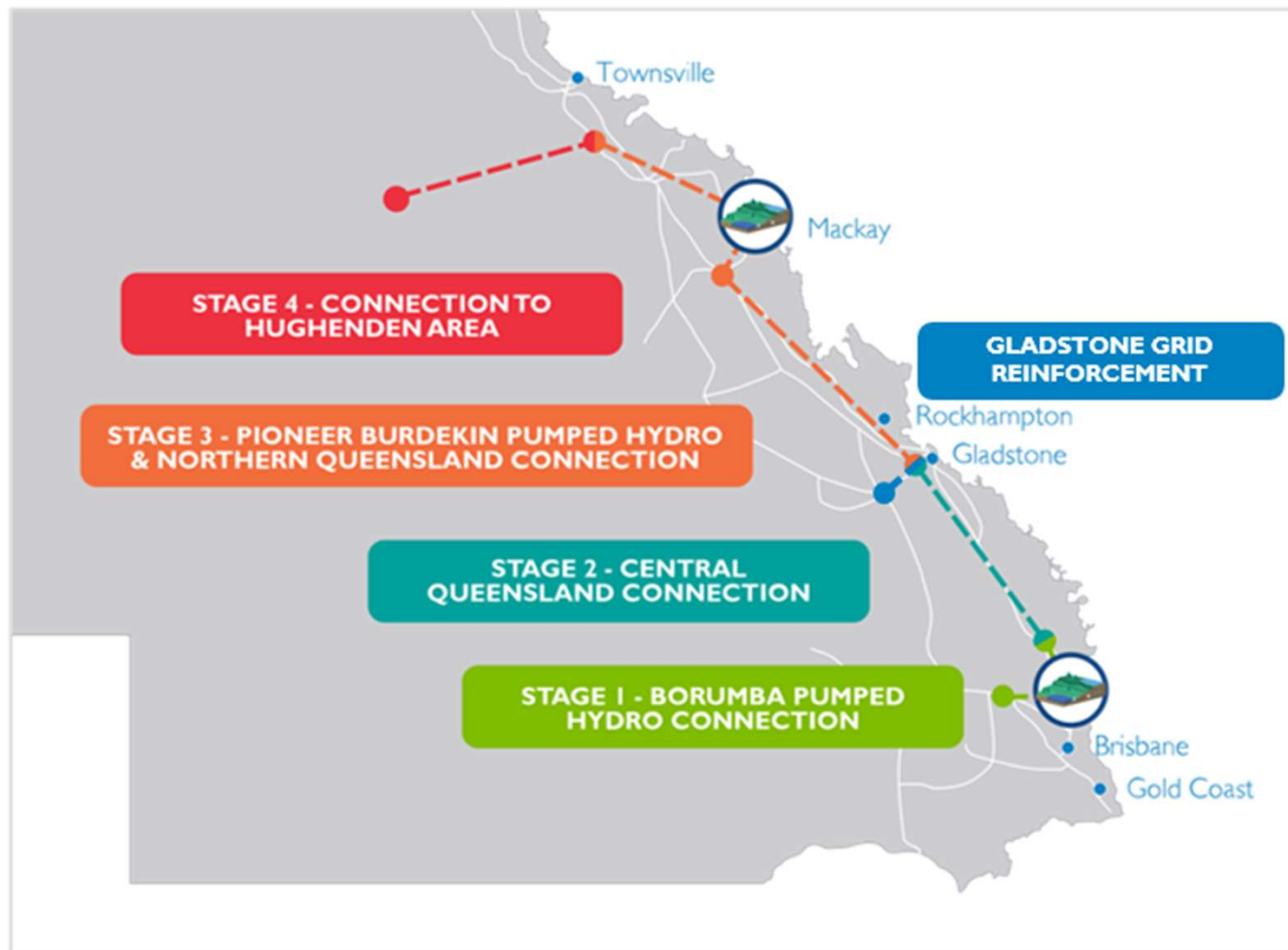
- Applies only to projects prescribed in a regulation ("eligible priority transmission investments")
 - the project has been identified in the QEJP infrastructure blueprint as part of the optimal infrastructure pathway
 - currently includes the Gladstone Grid reinforcement and the 4 stages of the 500kV backbone transmission
 - new projects may be added in the event that there has been a material change to the “likely production or storage of, or demand for, electricity” and the Minister would have included the project in the infrastructure blueprint if this material change had been known at the time
- Economic assessment framework of the RIT-T applies, with modifications from NER possible for both the economic test and the process
 - candidate PTI (CPTI) declaration may specify the identified need and replace the PSCR – similar to actionable ISP projects
 - declaration may specify an alternative consultation process – e.g. streamlined process or address confidentiality issues
 - modifications to RIT-T to be “as minimal as practical”.

Priority Transmission Investment (PTI)

Key features of the framework (cont.)

- The Minister may seek advice from an “appropriately qualified person” on Powerlink’s submission on proposed modifications to RIT-T assessment process, etc. but must seek advice on CPTI assessment
 - advice on submission may include
 - whether the identified need has been sufficiently described, that the proposed *assessment documents* are appropriate, and that any proposed modifications to the *assessment documents* are appropriate (*assessment documents* cover the AER’s RIT-T instrument and guidelines)
 - advice on CPTI assessment must include
 - whether Powerlink has assessed the candidate priority transmission investment in accordance with the direction, and whether the expenditure on the investment is what would be incurred by an efficient and prudent operator in Powerlink’s circumstances
 - DEPW intending to use "appropriately qualified person/s“ as advisers
- Time limited – sunset clause of 31 December 2035.

How many projects will be PTIs?

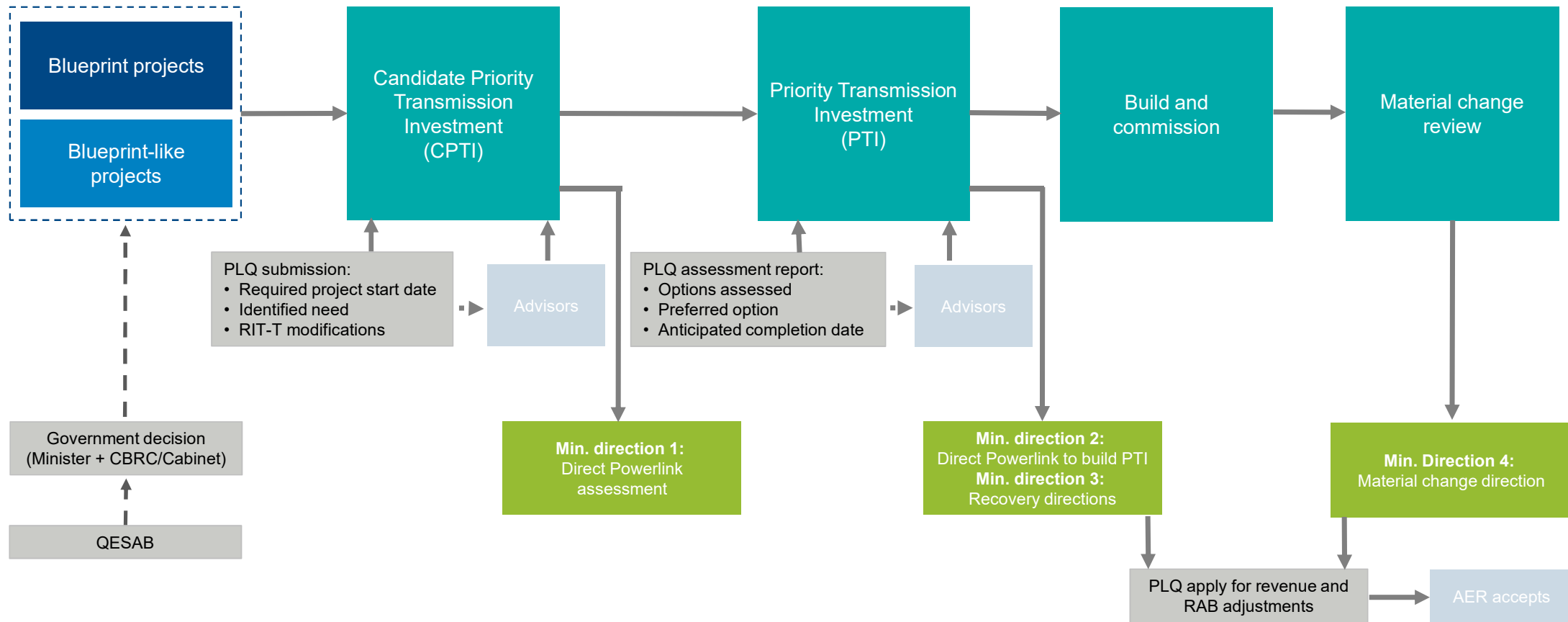


Priority Transmission Investment (PTI)

Key features of the framework (cont.)

- Initial direction whereby Powerlink must provide a submission to the Minister about how to assess a candidate priority transmission investment
- Subsequently, four points where the Energy Minister can formally direct Powerlink
 1. CPTI declaration and direction to Powerlink to undertake the PTI assessment in accordance with any agreed economic assessment and consultation process
 2. PTI declaration and direction to Powerlink to undertake the specified investment
 3. PTI revenue adjustment and Regulatory Asset Base (RAB) allocation, and direction to Powerlink to adopt a subsequent change determined by the Energy Minister to the revenue / funding arrangements
 4. Subsequent adjustment to RAB due to material change in circumstances within 18 months of project completion
- The AER is compelled to accept applications made as a result of directions 3 and 4
- Directions 2, 3 and 4 that deal with revenue involve both the Energy Minister and the Treasurer acting jointly.

PTI high-level process



Engagement principles

Engagement will be focused on:

- Transparency – providing appropriate information on the project need, the investment decision process and how costings have been developed
- Clear scope – what aspects of the PTI process can be influenced through engagement
- Responsiveness – demonstrate how customer input has influenced the process and investment decision
- Evidence-based – show what evidence is being used to determine decision-making

Scope of engagement

What is in scope

- We want your feedback on Powerlink's role in the PTI process, in particular:
 - which steps have the greatest opportunity for customer input?
 - how can we best demonstrate project need and rationale for estimated project costs?
 - what information do you want to see in Powerlink's submission to the Minister as part of the PTI process?
 - how might we adapt our process to meet different timeframes e.g. higher urgency needs?

What is not in scope

- How the PTIs are funded – i.e. regulated, government investment, etc.
- Minister's role in the PTI process




Supplementary slides



IAP2 Spectrum of Public Participation



IAP2's Spectrum of Public Participation was designed to assist with the selection of the level of participation that defines the public's role in any public participation process. The Spectrum is used internationally, and it is found in public participation plans around the world.

		INCREASING IMPACT ON THE DECISION 				
		INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
PUBLIC PARTICIPATION GOAL		To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities and/or solutions.	To obtain public feedback on analysis, alternatives and/or decisions.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision making in the hands of the public.
	PROMISE TO THE PUBLIC	We will keep you informed.	We will keep you informed, listen to and acknowledge concerns and aspirations, and provide feedback on how public input influenced the decision.	We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how public input influenced the decision.	We will look to you for advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible.	We will implement what you decide.

Source: <https://iap2.org.au/>

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