

## AER workshop with AEMO and ElectraNet – Heywood Interconnector RIT-T

### Meeting minutes

- Date:** Thursday, 18 July 2013
- Time:** 10.30am – 11:30am (ACST)
- Rooms:** AEMO Adelaide Meeting Room  
AEMO Melbourne Meeting Room  
AEMO Queensland Meeting Room
- Attendees:** Peter Adams (Director, AER Wholesale Markets)  
George Huang (Senior Analyst, AER Wholesale Markets)  
Greg Thorpe (Executive Director, Oakley Greenwood)  
Rainer Korte (Executive Manager Network Strategy and Regulatory Affairs, ElectraNet)  
Hugo Klingenberg (Senior Manager Network Development, ElectraNet)  
Brad Harrison (Principal Market Analyst, ElectraNet)  
Vinod Dayal (Principal Network Strategy Engineer, ElectraNet)  
Joe Spurio (Group Manager Network Development, AEMO)  
Niluksha Akurugoda (Victorian Planning Manager, AEMO)  
Michael Eastwood (Senior Engineer, AEMO)  
Luke Falla (Principal Engineer, AEMO)  
Rebecca Kuster (Principal project management, AEMO)  
Nathan White (Supply Forecasting Manager, AEMO)  
Nicola Falcon (Principal Consultant, SKM)
- Apologies:** Anthony Bell (Director, AER Co-ordination and Strategy)
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#### 1. Welcome and introduction

The AER welcomed AEMO and ElectraNet to the workshop and the attendees introduced themselves.

The AER provided an overview of the approach it had taken so far in assessing whether the preferred option identified in the Heywood Interconnector RIT-T satisfies the RIT-T. The AER explained that the purpose of the meeting was to discuss some of the stakeholder comments

that had raised potential issues about the cost-benefit analysis and modelling in the Heywood Interconnector RIT-T.

The AER noted it had been assisted in the review by Oakley Greenwood.

## **2. Level of inter-regional congestion implied by studies released in the PACR and PADR**

Oakley Greenwood noted that Frontier Economics comments on ElectraNet's response to the AER information request had questioned the reasonableness of the implied level of inter-regional congestion in the base case of the Heywood Interconnector RIT-T analysis as it was high compared to historical levels of congestion. Was the increased level of congestion caused by new constraints arising in the future and how had those constraints been modelled?

ElectraNet responded that its simulations showed the increased congestion was caused by new generation entrants in the South East South Australian 275 kV network. It further added that the data provided by Frontier Economics showed increasing levels of congestion in recent financial years, which can be attributed to new generation investment in South Australia.

AEMO responded that the formulation of future constraints used in the Heywood Interconnector RIT-T analysis was developed on the same basis as those used in NEMDE and the results subjected to considerable Internal Quality Assurance checking. This took into account a new 275kV substation at Krongart and new generation in the South East and Mid North of South Australia. The analysis in the Heywood Interconnector RIT-T showed increased congestion associated with the new generation investment in South Australia.

AEMO and ElectraNet agreed to provide the AER with:

1. a document outlining the constraint development process that was followed by AEMO and ElectraNet for the Heywood Interconnector RIT-T, and
2. a document outlining the broader governance and quality processes followed by AEMO and ElectraNet in the Heywood Interconnector RIT-T.

## **3. Further elaboration on the formation of future constraints**

Oakley Greenwood noted that in previous correspondence ElectraNet had stated all factors (in particular constraints outside the immediate area around the Heywood interconnector) expected to create future limits on future transfers were taken into account in the analysis. AEMO and ElectraNet were asked to provide further explanation.

AEMO responded that all constraints in the 2010 NTNDP were modelled in the Heywood Interconnector RIT-T. Thus, all constraints occurring outside the immediate area around the Heywood interconnector which limited future transfers (i.e. the constraints arising around the South Morang Terminal Station) were accounted for.

ElectraNet noted that the tables D-3 and D-4 in the PACR only contained selected constraints and did not represent all of the constraints which were included in the analysis.

#### 4. The impact of gas price assumptions on the PADR and PACR results

Oakley Greenwood asked AEMO and ElectraNet whether it had anything further to add about Frontier Economics comment's that the forecast gas prices late in the modelling horizon (from 2030/31) were high.

ElectraNet responded that if the gas prices were high their impact was not likely to be significant, as 70% of the market benefits associated with the preferred option accrued before 2030. Thus, while it may affect the quantum of the market benefits, it would not affect the ranking of the credible options in the Heywood Interconnector RIT-T.

ElectraNet also considered that the gas prices modelled were not high, especially when compared to more recent gas price forecasts. ElectraNet stated it would include examples of these more recent gas price forecasts as part of its response to the AER's email on the 15 July about the congestion hours modelled in the Heywood Interconnector RIT-T.

The AER thanked the attendees from AEMO and ElectraNet and closed the workshop.

#### Actions items:

The following action items were identified.

| Action   | Party               |
|--|---------------------|
| Quality assurance documents to be provided to the AER in relation to:<br><br>1. The constraint development process that was followed by AEMO and ElectraNet for the Heywood Interconnector RIT-T<br><br>2. a document outlining the broader governance and quality processes followed by AEMO and ElectraNet in the Heywood Interconnector RIT-T and whether it was actually followed. | AEMO and ElectraNet |
| Examples of recent gas price forecasts which are similar to the gas price forecasts used by AEMO and ElectraNet in the Heywood Interconnector RIT-T late in the modelling horizon (from 2030/31 onwards)   | ElectraNet          |