



Mr Warwick Anderson
General Manager
Australian Energy Regulator

11 May 2022

Lodged via email to: transgrid2023@aer.gov.au

Dear Mr Anderson,

Re AER Reference 202187: Transgrid – Determination 2023–28

Neoen Australia (Neoen) welcomes the opportunity to make this submission to the AER on Transgrid's 2023–28 Revenue Proposal.

Neoen is France's leading independent producer of renewable energy, and one of the fastest-growing worldwide. Neoen is a responsible company with a long-term vision that translates into a strategy seeking strong, sustainable growth. We have over 2 GW of generation in operation and under construction globally, including in Australia's National Electricity Market (NEM): Hornsdale Wind Farms (309 MW) and Hornsdale Power Reserve (150 MW/193.5 MWh battery system) in SA; Parkes, Griffith, Dubbo, and Coleambally Solar Farms (combined 255 MW in NSW); Western Downs Green Power Hub (400 MW solar farm) and Kaban Green Power Hub (152 MW wind farm) in QLD; and Victorian Big Battery (300 MW battery system), Bulgana Green Power Hub (204 MW hybrid wind/battery system) and Numurkah Solar Farm (110 MW) in VIC.

Our pipeline

Neoen has a rapidly growing pipeline of new generation projects under development across the NEM, including in Transgrid's south-western system, which we are targeting for commissioning in the next few years.

With the significant amount of existing and committed generation in the area, and with the price of renewable energy now the cheapest form of energy, it is imperative that the transmission system be appropriately developed and maintained in good time to enable the energy transition to proceed uninhibited.

Transgrid's proposal

Neoen supports Transgrid's 2023-28 Revenue Proposal overall.

In particular, we support Transgrid's proposed CAPEX programme in southwest NSW as presented in the submitted suite of Options Evaluation Reports (OERs). Neoen is of the view that these projects present efficient solutions to alleviate network constraints – at least in the immediate- and short-term – and would facilitate the generation of more cheap renewable energy, thus providing economic benefits to consumers.

Notwithstanding the positive impact of these projects, Neoen believes Transgrid underestimates the fuel savings underpinning its economic modelling. In its proposal, Transgrid uses a savings figure of \$32.04/MWh; Neoen is of the view that this is more in the vicinity of \$67/MWh based on NSW futures, which, at time of writing, are above \$100/MWh for the Proposal period, while Newcastle coal futures are above \$165/t until 2027.¹

We would encourage the AER to review these fuel cost savings with Transgrid. Neoen personnel can be made available to clarify any questions on this topic.

¹ ASX Energy Futures, https://www.asxenergy.com.au/futures_au.



Conclusion

Neoen supports Transgrid's 2023-28 Revenue Proposal overall, while also suggesting a review of the assumed fuel cost savings over the determination period.

On behalf of Neoen, I wish to thank you for the opportunity to contribute this submission to the revenue proposal consultation, and we look forward to engaging further with the AER at your convenience.

Should you have any questions or seek to follow up this submission at any time, please feel free to contact either Rebecca Dunn on [REDACTED] or myself on [REDACTED].

Kind regards

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Scott Partlin, [REDACTED]
Head of Network Connections,
Neoen Australia