



Ref. A4960780

20 September 2022

Dr Kris Funston
Executive General Manager, Network Regulation
Australian Energy Regulator
Level 27, 135 King Street
SYDNEY NSW 2000

Dear Dr Funston,

NETWORK SUPPORT PASS THROUGH APPLICATION 2021/22

Powerlink Queensland (Powerlink) submits this application for network support pass through costs of \$265,443 for the regulatory year ending 30 June 2022. We incurred these costs in response to the Australian Energy Market Operator's (AEMO's) Notice of Queensland System Strength Requirements and Ross Fault Level Shortfall (the Notice) published on 9 April 2020 under clause 5.20C.2(c) of the National Electricity Rules (the Rules).

The majority of costs incurred to comply with the Notice were sought in our network support pass through application to the Australian Energy Regulator (AER) for 2020/21. A copy of that application, dated 20 September 2021, is attached and forms the basis of this application. The 2020/21 application indicated that:

- as at 30 June 2021, we had not yet been invoiced for approximately \$400,000 in costs related to the inverter modification and testing program;
- we may submit a further network support pass through application after 30 June 2022 for the 2021/22 regulatory year;
- payments related to inverter retuning at four North Queensland solar farms constituted network support payments under the Rules; and
- the AER's Final Revenue Determination for the 2018–22 regulatory period included a network support allowance of zero.

We have still not been invoiced for the entire balance of costs related to compliance with the Notice. We understand that further invoices are contingent on the completion of post-commissioning and modelling tests by AEMO. We will continue to pursue this matter and may submit further network support pass through applications in future years to recover these outstanding amounts.

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Powerlink Queensland is the registered business name of the
Queensland Electricity Transmission Corporation Limited
ABN 82 078 849 233

After adjusting for the time value of money, we seek the AER's approval for a positive network support pass through amount of \$290,733 to be recovered from transmission network users via prescribed transmission prices for 2023/24.

This application is consistent with clause 6A.7.2 of the Rules and the AER's *Procedural Guideline for Preparing a Transmission Network Support Pass Through Application* (the Guideline). The relevant calculations are contained in a separate confidential spreadsheet that accompanies this application, consistent with the Guideline's reporting template.

Please contact Jennifer Harris if you have any questions regarding our application.

Yours sincerely,

A large black rectangular redaction box covering the signature of Jacqueline Bridge.

Jacqueline Bridge
EXECUTIVE GENERAL MANAGER, ENERGY FUTURES

Enquiries: Jennifer Harris, General Manager, Network Regulation
Telephone:  Email: 

ATTACHMENT

Powerlink Network Support Pass Through Application Information Requirements for the Year Ended 30 June 2022

(1) Network support payment allowance

The AER's Final Revenue Determination for the 2018–22 regulatory period provided us with a network support allowance of zero for 2021/22.

(2) Actual network support expenditure

Powerlink's total actual expenditure on network support services during 2021/22 was \$265,443. This comprises payments to owners of the Daydream, Hamilton, Hayman and Whitsunday solar farms in North Queensland for some of the costs associated with retuning inverters as part of the long-term solution to address system strength requirements at the Ross 275 kV node.

(3) Network support pass through amount, including time cost of money calculations

A positive network support event occurred in 2020/21 which resulted in actual costs to us of \$265,443 being incurred in 2021/22. The positive pass through amount for 2023/24 is \$290,733 based on an adjustment for the time value of money that reflects our allowed rate of return. We propose to recover this amount from transmission network users via prescribed transmission prices for 2023/24, consistent with cost recovery arrangements under clause 6A.7.2(c)(2) of the Rules.

(4) Reasons for variation

The variation in expenditure from our network support allowance of zero in the 2018–22 regulatory period reflects the requirement for network support payments triggered by the Notice. AEMO published its Notice on 9 April 2020 under clause 5.20C.2(c) of the Rules, which followed a review of minimum fault level requirements within our network.

As the System Strength Service Provider for Queensland, we have responsibility to resolve a fault level shortfall efficiently and within the timeframe specified by AEMO. The Notice specified 31 August 2021 as the date by which we should ensure the necessary system strength services were available to address the fault level shortfall.

On 9 April 2020, we commenced an Expression of Interest (EOI) process for short and long term non-network solutions to address the shortfall. Responses to the EOI process included an offer to modify control settings and firmware of the inverters at Daydream, Hamilton, Hayman and Whitsunday solar farms that connect to our Strathmore Substation. We entered into an agreement to retune the four plants, with the required changes finalised and completed by May 2021. On 28 June 2021, AEMO issued a Notice of Change to System Strength Requirement at Ross to advise that the minimum fault level at Ross was being met, with no shortfall.

The Attachment to our network support pass through application for 2020/21 provides further detail of the steps we took to address the shortfall.

(5) Verification of actual network support expenditure

The Queensland Audit Office (QAO) has reviewed our actual network support expenditure for 2021/22. A copy of the QAO's review opinion is included as a confidential attachment to this application. The QAO is an independent organisation with appropriately qualified expertise.

(6) Date network support pass through application submitted to the AER

Powerlink's application is dated 20 September 2022, which is within 60 business days of the end of the 2021/22 regulatory year, as required under clause 6A.7.2(c) of the Rules.

(7) Details on contractual arrangements

We entered into contracts with the owners of the four North Queensland solar farms where the inverters were retuned. We reimbursed the owners for the costs they actually incurred in carrying out the inverter modification and testing program. While these contracts have been completed, we are yet to be invoiced by the owners of the solar farms for the balance of costs related to the inverter modification and testing program.

(8) Details of Powerlink's decisions that may have affected the magnitude of the network support event

The EOI process outlined under item (4) above led to the implementation of solutions that delivered the lowest overall cost to address the fault level shortfall at the Ross node.