

Reach Solar Energy Pty Limited  
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20 January 2023

Mr Brett Redman  
TransGrid  
180 Thomas Street  
Haymarket, NSW 2000



Ms Clare Savage  
Australian Energy Regulator  
Level 17, 2 Lonsdale Street  
Melbourne VIC 3000



Dear Sir/Madam,

**DRAFT DETERMINATION 2023-28 REVISED REVENUE PROPOSAL BY TRANSGRID TO THE AER DATED 2 DECEMBER 2022**

Reach Solar energy (**Reach**) is pleased to provide its response to TransGrid's 2023-28 Revised Revenue Proposal to the AER dated 2 December 2022.

In summary, Reach considers the following be implemented as a matter of urgency:

1. **Regulatory Delay**

*The South West RIT-T completed its process in July 2022. The extended delay to implement the preferred option for the South West RIT-T is exacerbating constrained generation by over 20 existing renewable generation assets evidenced by the binding constraints are ranked number 2 in the August 2022 TransGrid Annual Planning report. This is increasing the price of electricity to NSW consumers.*

2. **RIT-T Process Uncertainty**

*The RIT-T process currently remains an integral part of the NSW Roadmap. Not proceeding with the preferred option from the South West Project Assessment Conclusion Report (July, 2022) sets a concerning precedent for business and is counter to the objectives of both the NSW Government and EnergyCo.*

*TransGrid provided written and verbal assurance to multiple existing asset owners and developers during the multi-year SW RIT-T process that the Darlington Point to Dinawan transmission line would proceed. This appears to have been repudiated.*



### 3. **Provide a Complete Solution to the RIT-T “Identified Need”**

*The \$166.9M Option 4 in the Project Assessment Conclusion Report is the only option that fully satisfies the identified need for the South West RIT-T and ensures TransGrid meet its TNSP obligations.*

*The urgent build of Option 4 can be achieved by TransGrid submitting a contingent application to the AER, or TransGrid securing alternate funding bypassing the AER.*

### 4. **Construction Synergies**

*The opportunity exists to leverage cost effective synergies for Option 4 from Project EnergyConnect e.g. using existing site establishment. This is lost with continued delay.*

### 5. **Consequence of Continued Delay**

*If TransGrid and/or the AER continue to delay the implementation of Option 4 for the South West RIT-T, the existing grid constraints will continue to effect multiple projects, the network is not readied for the South West REZ, and ultimately this will delay the development of new renewable energy generation projects in NSW.*

#### Increased Risk due to Regulatory Uncertainty

The South West RIT-T process concluded in July 2022 after over 2 years with a defined preferred option and no objections lodged. Although concluded, Option 4 has not been accepted by the AER, meaning Option 4 is stalled and the identified need for the South West network will not be met.

The RIT-T process remains an integral part of the NSW Roadmap. Not proceeding with Option 4 sets a concerning precedent for business compounding regulatory uncertainty.

This is counter to the objectives of both the NSW Government and EnergyCo.

TransGrid provided written and verbal assurance to multiple existing asset owners and developers during the SW RIT-T process that the Darlington Point to Dinawan transmission line would proceed. This appears now to have been repudiated. An extract of these assurances to Reach and other third parties is provided in Appendix 1 - Table A.

#### South West RIT-T - Ensuring it Fully Meets All and not Part of the Identified Need

TransGrid’s Project Assessment Conclusions Report (**PACR**) for the South West RIT-T, dated June 2022, concluded that only Option 4 would completely satisfy the “identified need”. Option 4 includes the construction of a new 90km 330kV transmission line from Darlington Point to Dinawan at an estimated cost of \$166.9 million, coupled with a 3-year contract to a battery storage project.

The PACR further noted that the battery is not considered to constitute a longer-term solution to replace the new 330kV transmission.

It should be noted that Ernst & Young provided a market report, dated 24 May 2022, to TransGrid to support the South West RIT-T process. This includes the latest Integrated System Plan and a sensitivity study incorporating an increase of +200MW due to an “interim protection scheme” on all options using a battery energy storage system. The results of this increase of 200MW in BESS indicated no change to Option 4.



The TransGrid Annual Planning Report, (**TAPR**), dated 22 August 2022, contained the same Option 4, and stated the existing 330kV Line 63 transmission line is ranked number 2 in the table of binding constraints by TransGrid (ref: Appendix A5.2).

TransGrid advised Reach in July-August 2022 that no objections had been lodged during the 30-day appeal period for the South West RIT-T.

Notwithstanding, to date Reach is not aware of a contingent application being submitted by TransGrid which fully satisfies the identified need for the South West RIT-T i.e. the Option 4 including a 90km spur 330kV transmission line between Darlington Point and Dinawan.

#### Transmission Constraints Reducing Existing Renewable Generation

Multiple renewable generation projects continue to have grid constraints imposed on their ability to generate to 100% of their constructed capacity. The constraints called "South West NSW" were identified on page 35 of the EnergyCo Infrastructure Investment Objectives Report dated December 2021 and the Darlington Point to Dinawan 330kV line was considered "critical" to cost effectively unlock generation (see Appendix 2 - Table B). In addition, the South West Renewable Energy Zone is also reliant on Option 4 being constructed to evacuate power to where demand is located.

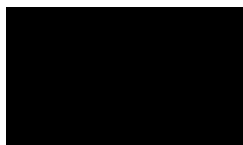
The 90km spur Darlington Point to Dinawan transmission line also featured in the Ernst & Young NSW roadmap of 24 May, 2022.

#### South West RIT-T lost opportunity to leverage construction synergies from PEC contractor

It is understood an option to design and build the Darlington Point to Dinawan transmission line was negotiated by TransGrid with the Project EnergyConnect contractor. This would enable synergies to be secured e.g., use existing camp to build the 90km spur from Dinawan to Darlington Point. These will be lost with continued delay.

Please do not hesitate to contact me on [REDACTED] to discuss this important matter.

Yours sincerely,



David S Webster  
**Director, Reach Solar energy**

By email to:





### **Overview of Reach Solar energy**

*Reach is a developer of large-scale solar photovoltaic (PV) and distribution connected energy storage projects. Reach management ([www.reachsolarenergy.com.au](http://www.reachsolarenergy.com.au)) have a proven track record with development, large-scale capital raising and operations, for both energy and infrastructure projects in across Australia and internationally.*

*In mid 2017, Reach raised \$500m of project finance for Bungala One and Two, 2 x 110MWac solar PV in South Australia. We continue to develop the balance of the 300MW site.*

*Reach developed 450MW (1,300 GWh pa P50 basis) as the first stage of the 900MW Yarrabee solar project in NSW near Narrandera with strong local community and landowner support, and a 5MVA distribution-connected battery site in South Australia.*



## Appendix 1

### TABLE A

Table 3 AEMO network augmentation schedule

Project	Status	Importance to IIO
QNI upgrade	Under construction	Increase southerly and northerly transfer limit between Queensland and New South Wales
Project EnergyConnect	Under construction	-
Central West Orana REZ	2021 IASR anticipated	Key to unlocking generation in the short-medium term
South-West NSW	Transgrid released PADR as part of its ongoing RIT-T process	Critical – New 330 kV line between Darlington Point and Dinawan substation
Sydney Ring	ISP identified	Critical – New transmission links reinforcing the network north and south of Sydney
New England REZ	ISP identified	Critical – New transmission links from Bayswater to Uralla and a new Uralla substation

Source: TransGrid table of comments and responses to the PADR for the SW RIT-T



## Appendix 2

### TABLE B



Table D-7 – Summary of consultation on the PADR

Summary of comment(s)	Submitter(s)	Our response
<b>Support for the identified need</b>		
The constraint represents a significant financial impact for generators and one which leads to increased risk premiums for future investments. Given the additional generation planned for this region, the problem will persist and will continue to worsen until system upgrades can be implemented.	Darlington Point Solar Farm Pty Ltd, p. 1	The financial impacts on generators are noted. All options assessed in this PACR strengthen the transmission network to relieve the constraint and we note that the RIT-T is being undertaken as expeditiously as possible to minimise the impact on affected parties.
The constraint represents a significant financial impact on projects and one which was not foreseen (whether by us, AEMO or Transgrid) at the time our project was committed.	RWE Renewables Australia Pty Ltd, p. 1	
The RIT-T provides a strong message to investors and banks for projects in the Riverina that the transmission system operational constraints will be addressed so that the grid system is able to operate in a stable manner and maximise the flow of electricity of the existing transmission infrastructure.	Reach Solar Energy Co Pty Ltd, p. 2	All options assessed in this PACR strengthen the transmission network to relieve the constraint.
Constraints are currently being used to curtail large amounts of low-cost renewable generation in order to manage this part of the network. This represents a lost opportunity for consumers to benefit through lower electricity prices in NSW.	Darlington Point Solar Farm Pty Ltd, p. 1	All options assessed in this PACR strengthen the transmission network to relieve the constraint.
Given that the constrained generation is low-cost renewables, it represents a lost opportunity for consumers to benefit through lower electricity prices in NSW.	RWE Renewables Australia Pty Ltd, p. 1	The preferred option is found to deliver significantly positive net market benefits to the NEM, which are expected to result in lower electricity bills to consumers compared to the 'do nothing' base case.
The expanded transmission capacity will help unlock additional renewable energy in the area, reducing emissions, and delivering lower costs to consumers.	Iberdrola Australia Limited, p. 1	

Source: EnergyCo IIO December 2021