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16 December 2022

To: Ms. Chantal Hopwood
Head of Regulation
TasNetworks
1 – 7 Maria Street,
Lenah Valley 7008
Tasmania
Via email: Chantal.Hopwood@tasnetworks.com.au

Dear Ms. Hopwood

AEMO review of TasNetworks Network Capability Incentive Parameter Action Plan (NCIPAP) for 1 July 2024 to 30 June 2029

I am writing to provide AEMO's review of your proposed project in the TasNetworks NCIPAP for the regulatory period from 1 July 2024 to 30 June 2029. This review is provided in compliance with clause 5.2 of the Service Target Performance Incentive Scheme (STPIS)[1].

TasNetworks proposed a NCIPAP project "Palmerston substation terminal equipment upgrade".

AEMO agrees with TasNetworks' assessment of the project need, improvement targets and likely material benefits of the proposed NCIPAP. AEMO's assessment is provided in the attachment to this letter.

If you have any questions or would like to seek any clarification, please contact Nadesan Pushparaj at nadesan.pushparaj@aemo.com.au.

Yours sincerely

**Samantha Christie**
Manager Network Planning

cc: Mr Warwick Anderson, General Manager, AER

[1] AER. Service target performance incentive scheme. https://www.aer.gov.au/networks-pipelines/guidelines-schemes-models-reviews/service-target-performance-incentive-scheme-version-5-september-2015-amendment.

## TasNetworks - NCIPAP Priority projects for the regulatory period 1 July 2024 - 30 June 2029
## AEMO Review - December 2022

| Sourced from TasNetworks | | | | | | | | AEMO Review | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Project name** | **Transmission circuit/Injection point** | **Scope of works** | **Current limit and reason for the limit** | **Target limit** | **Completion date** | **Capital cost estimate ($ million)** | **Operating cost estimate per annum ($)** | **Market benefit per annum ($ million)** | **Pay back period** | **Ranking** | **Review of material benefit** | **Benefit category** |
| Palmerston Substation terminal equipment upgrade | Palmerston Substation (Waddamana–Palmerston 220 kV transmission lines) | Upgrade terminal equipment at Palmerston Substation for two Waddamana–Palmerston 220 kV transmission lines | The existing thermal ratings of terminal equipment at Palmerston of Waddamana - Palmerston No.1 and No.2 220 kV lines are 453 MVA and 569 MVA respectively. The ratings of these terminal equipment limit northward power flow capability of Waddamana-Palmerston corridor is approximately 1,000 MVA.<br><br>The 2022 ISP forecasts additional new wind generation of 400 MW in 2025-26 and 1,170 MW in 2030-31 in the Central Highlands REZ. This forecast is credible, given current connection activity in the Central Highlands REZ (and broader southern transmission network) of approximately 480 MW of new wind, with a further 300+ MW in pre-enquiry discussions.<br><br>With forecast of increased renewable generation in South and Central Tasmania, northward power flow though the Waddamana–Palmerston transmission corridor would exceed its existing thermal capability. | Increase thermal rating of terminal equipment of each of the Waddamana-Palmerston 220 kV lines to 762 MVA. This is to allow up to 530 MW of forecast new wind generation in Central Highlands REZ. | 2025-26 | 3.77 | 0 | 1.63 | 2.31 years | 1 | The proposed replacement of terminal equipment at Palmerston of each of the Waddamana-Palmerston 220 kV lines would increase the thermal capacity of the Waddamana - Palmerston 220 kV No.1 line by 309 MVA and No.2 line by 193 MVA.<br><br>This work would allow to export additional wind generation from South/Central Tasmania to North Tasmania and NEM mainland. | Improve transfer capability.<br><br>Market benefits due to improved access to low-cost renewable generation |