POST 2025 ELECTRICITY MARKET DESIGN

FINAL RECOMMENDATIONS 27 JULY 2021

TRANSMISSION AND ACCESS

ENERGY SECURITY BOARD

OPENING THE GRID TO CHEAPER RENEWABLES

New generation, mainly renewables, is locating far and wide across the regions wherever sun and wind resources are best. These reforms are about cutting costs of getting that dispersed generation to consumers. We are already well progressed down this path through the actionable ISP. Now we're recommending better signals to encourage more generation into renewable energy zones where transmission costs can be shared and firm access secured.

Energy Security Board recommendations to locate generators and batteries where they are needed most

Interim renewable energy zone (REZ) framework including principles to manage, planning, connections, access, funding and economic regulation.

New congestion management model to be developed with a dual mechanism of congestion charges and rebates - encouraging generators and others to locate in renewable energy zones to receive rebates.

Transmission investment and planning review to examine where change may be needed to maximise the timely and efficient delivery of major poles and wires, including integrated system plan (ISP) projects.

ESB data strategy having the right data will enable effective locational forecasting to help plan and prioritise transmission augmentation.

This ESB pathway is designed to complement and support the major reforms being undertaken by state governments.

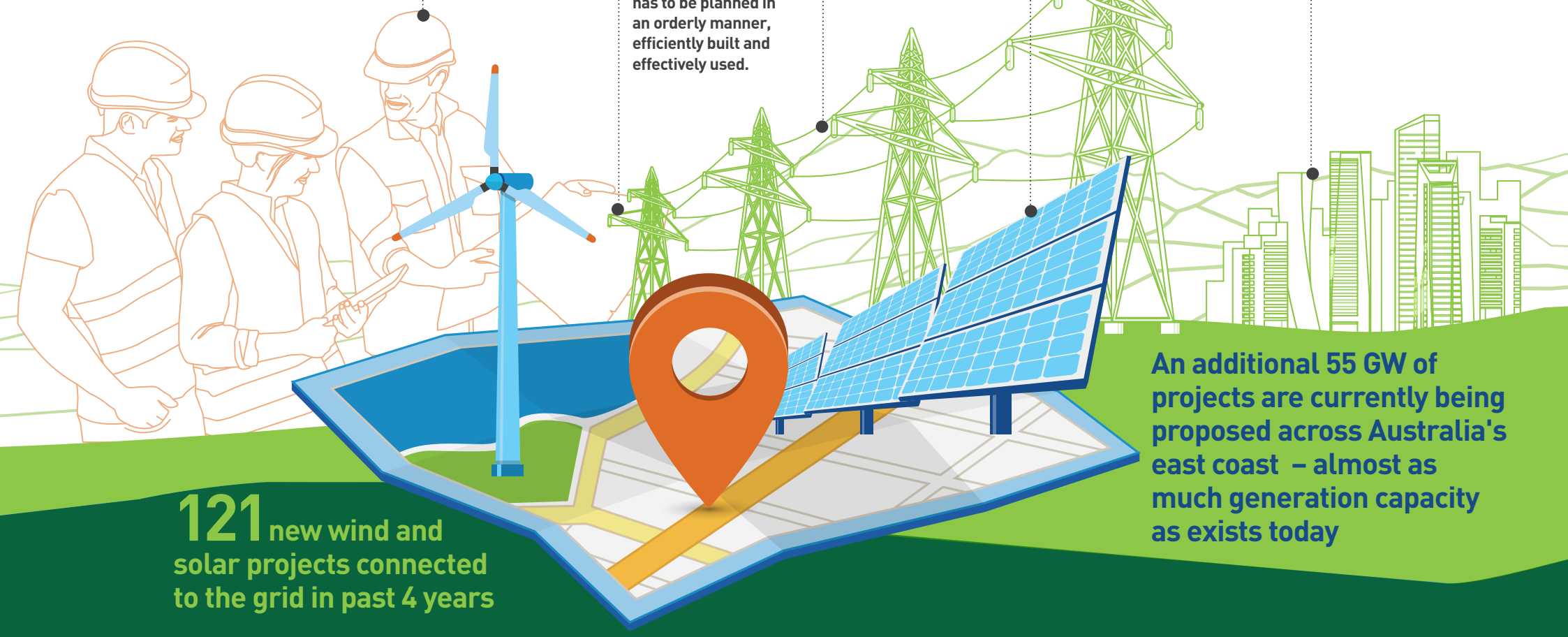
The grid is congested, preventing more low emissions, cheaper renewables getting to market. We already see it in north-west Victoria. Without action congestion will get worse around the country long before 10 years is past.

Consumers are being asked to pay billions of dollars for expanding network so new infrastructure has to be planned in an orderly manner, efficiently built and effectively used.

New rules on dedicated connection assets lower connection costs by making it easier for generators to share assets like power lines.

The interim REZ framework together with state government schemes should allow a number of early renewable energy zones to proceed expeditiously.

Congestion information resource (AEMO) and connections resource initiative (AEMO/Clean Energy Council) are being enhanced to provide better information on existing and forecast congestion.



121 new wind and solar projects connected to the grid in past 4 years

An additional 55 GW of projects are currently being proposed across Australia's east coast – almost as much generation capacity as exists today

Connecting the new generation and storage we need as efficiently as possible

This pathway is a two stage process initially encouraging new generation to connect in REZs while the longer-term congestion management model is developed.

NOW
Rules and guidelines the states can use to guide connections along with congestion management tools so each REZ can contribute to the overall future power system.

NEXT
Congestion management model to incentivise generators to bid more closely with true costs of generation based on location.

FUTURE
Conditions will continue to change on the grid. The ESB/market bodies will review and report on changes to make sure arrangements remain fit for purpose.