TRANSMISSION ACCESS

DETAILED DESIGN - PROJECT INITIATION

26 November 2021

PURPOSE OF SESSION

To inform stakeholders about the ESB's upcoming transmission access detailed design process.

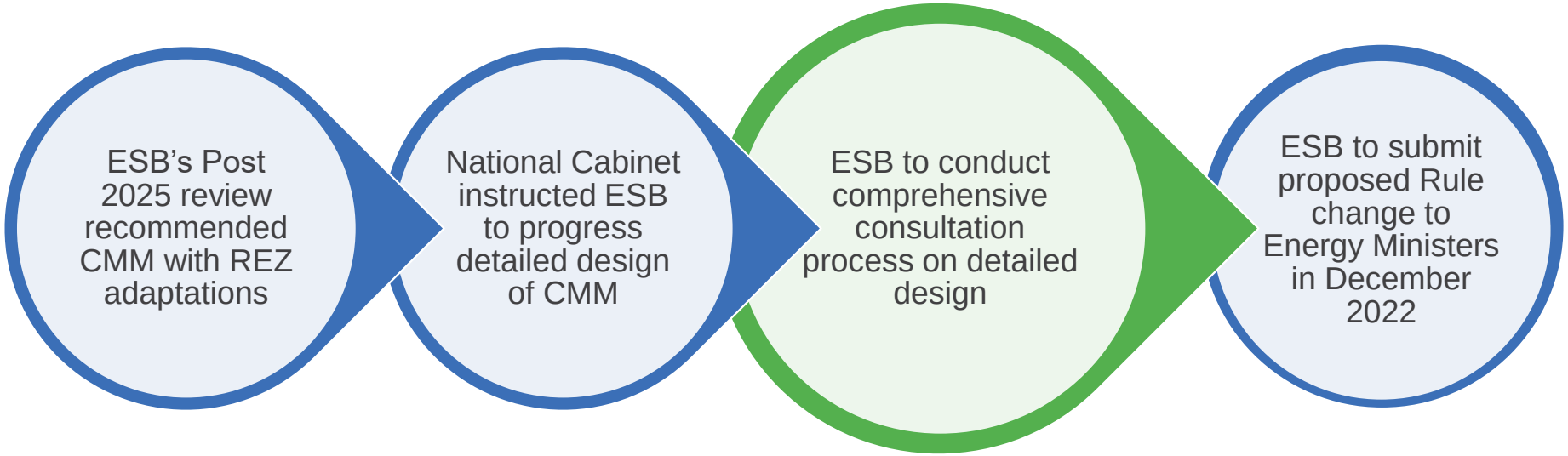
WEBINAR LOGISTICS

- All participants are in listen-only mode.
- Please enter questions in the question field as we proceed through the content and we will answer as many as time allows.
- Please use the upvote button if there is a question that you would like us to answer.
- This public webinar is being recorded for note taking purposes only.

AGENDA

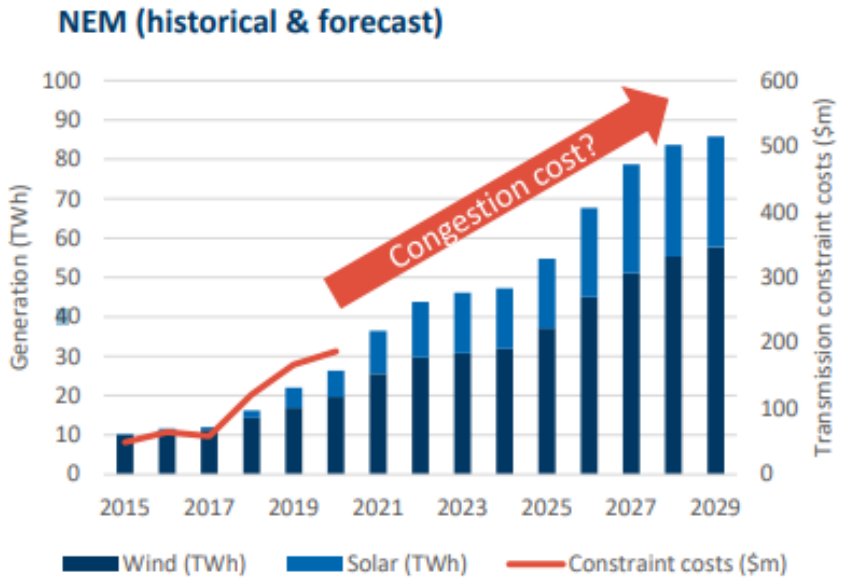
Introduction	Anna Collyer, Chair
Scope of review	Jess Hunt
Approach	James Hyatt
Q&A	All

INTRODUCTION



SCOPE OF REVIEW

DETAILED DESIGN NEEDS TO MEET THE ACCESS REFORM OBJECTIVES



Source: FTI consulting

- Congestion is a characteristic of high VRE power systems
  - We need to get good at managing congestion.

Energy transition can be delivered more cheaply and quickly if generators connect in places where we can get the most benefit from them.

Access reform objectives	Better signals for generators to locate in areas where they can provide most benefit to customers.
	Better use of the network in operational timeframes, resulting in more efficient dispatch outcomes and lower costs.
	Rewards for storage and demand side resources who locate where they are needed most and operate in ways that benefit the broader system.
	Measures to give investors confidence that their investments will not be undermined by inefficient subsequent connections.

CONGESTION MANAGEMENT MODEL DETAILED DESIGN – MAIN WORK STRANDS

Settlement stream

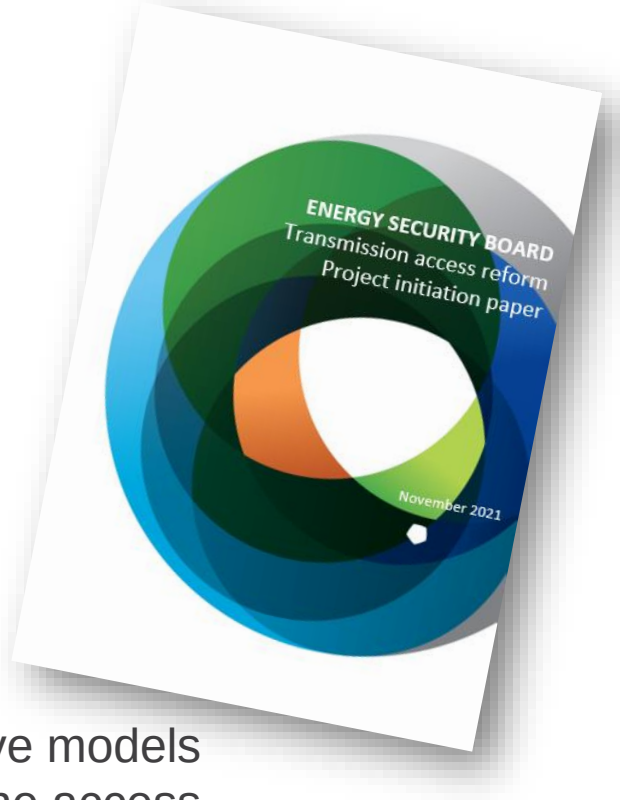
- Designing changes to NEM settlement logic and mechanisms for the CMM's congestion charges and rebates, including consequential changes.

Rebate allocation stream

- Designing the methodology for allocating rebate entitlements to both incumbent generators and new entrants.

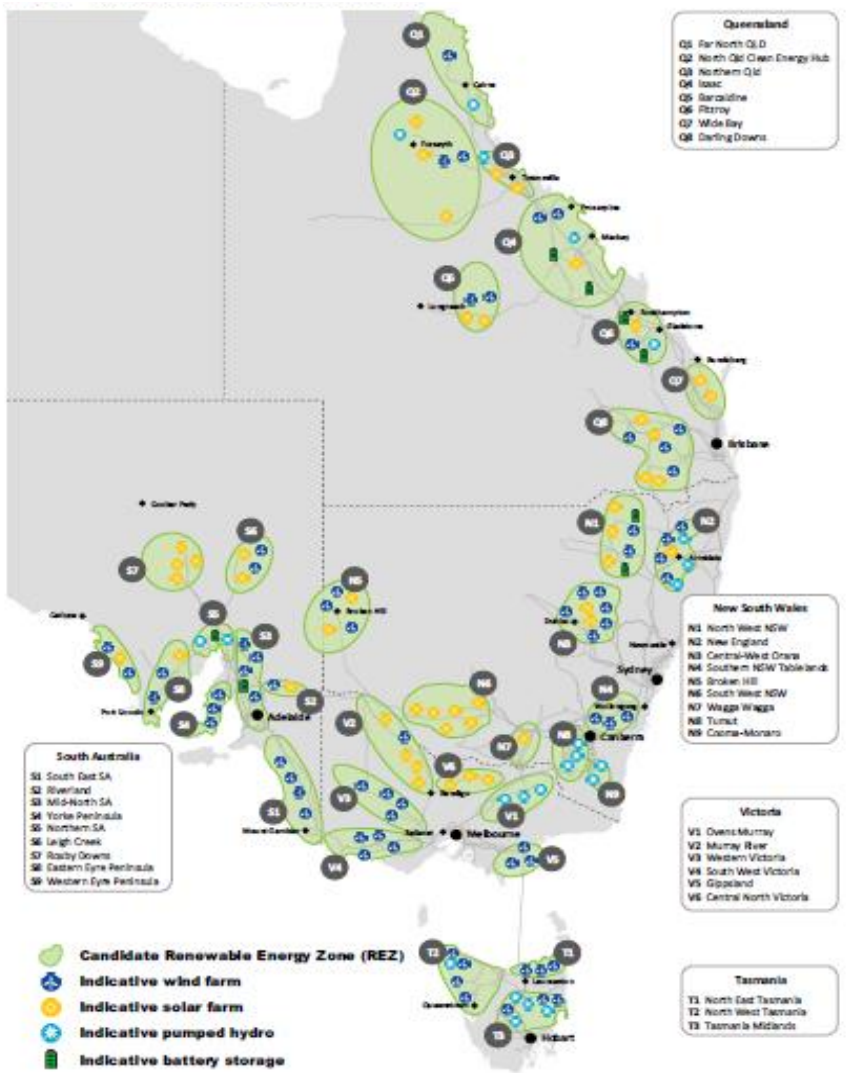
Locational signals stream

- How the CMM will interact with the existing planning framework to determine where rebates will be made available.



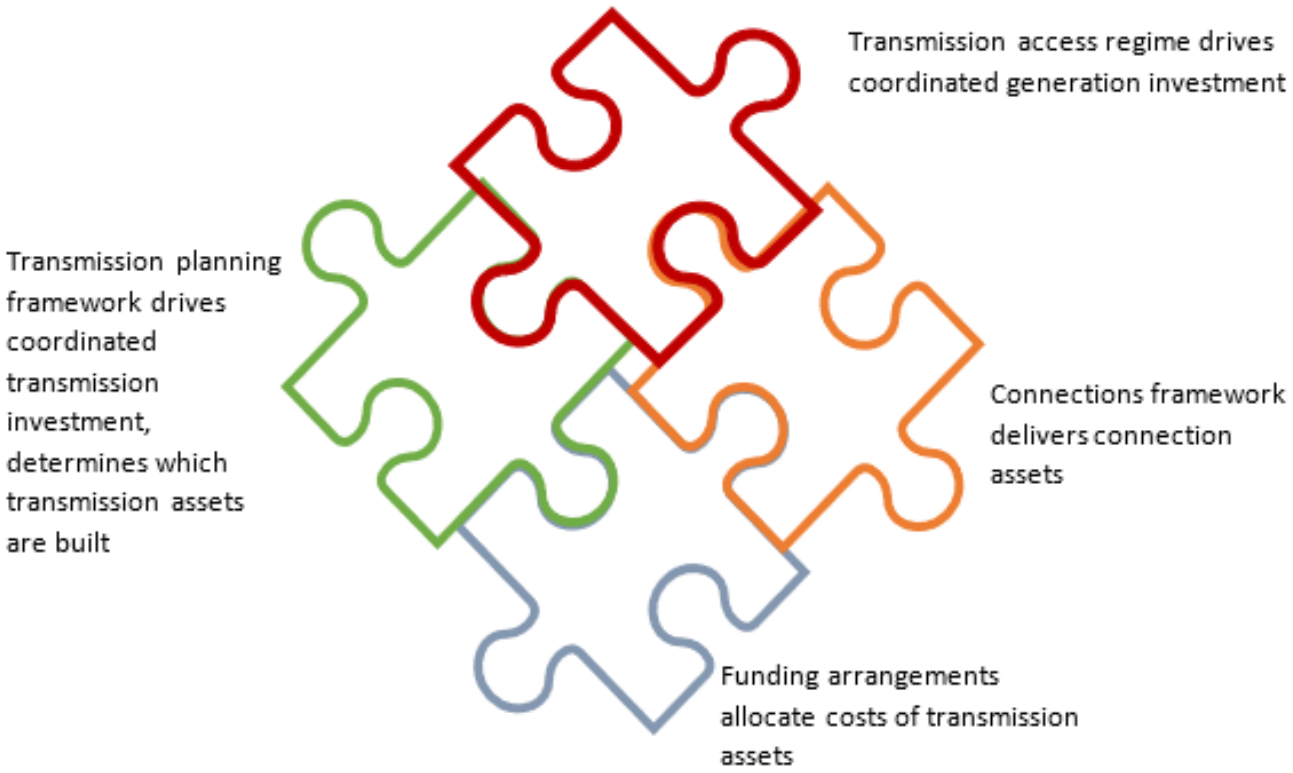
ESB welcomes alternative models and ideas that meet the access reform objectives

DETAILED DESIGN NEEDS TO ACCOMMODATE JURISDICTIONAL DIFFERENCES



- State governments have commenced their own REZ schemes
  - Creates additional impetus for reforms, as current arrangements will undermine REZs over time
- Schemes vary by jurisdiction
- ESB's design needs to provide ensure sufficient flexibility for jurisdictional differences

TRANSMISSION INVESTMENT IS NOT A SUBSTITUTE FOR ACCESS REFORM



- Access reform is about getting generators, storage providers and demand response providers to connect to the grid and utilise the system in a way that minimises total system costs.
- Several other processes have focussed on/ are focussing on transmission investment, including:
  - Actionable ISP reforms
  - ESB and State government REZ initiatives
  - Dedicated connection assets rule change
  - Transmission planning & investment review

APPROACH

CMM PROJECT TEAM

To deliver CMM detailed design, market bodies have established a project team with staff seconded from AEMC, AEMO and AER

Overview/project management
Case for change, stakeholder engagement
(Leads: James Hyatt, Jess Hunt)

Expert advisor – David Swift

Settlement stream
Settlement mechanism and consequential market changes
(Leads: Tom Walker, Tom Meares)

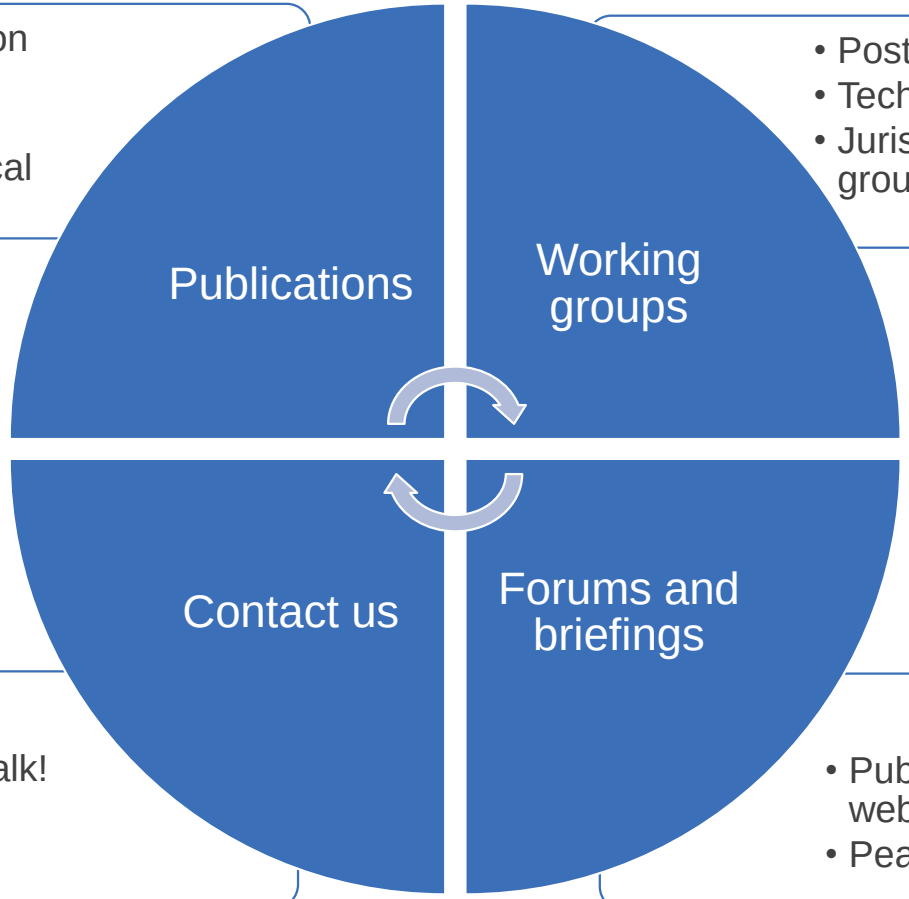
Rebate allocation stream
Design of rebate allocation scheme, grandfathering arrangements
(Lead: Arista Kontos)

Locational signals stream
Interactions with the planning framework
(Leads: Kirsten Hall, Tom Livingstone)

ENGAGING WITH STAKEHOLDERS

- Senior industry stakeholders & leaders
- Enables ESB to seek strategic advice and test options.

- Formal consultation documents
- Working papers
- Minutes of technical working group



- Post 2025 advisory group
- Technical working group
- Jurisdictional advisory group

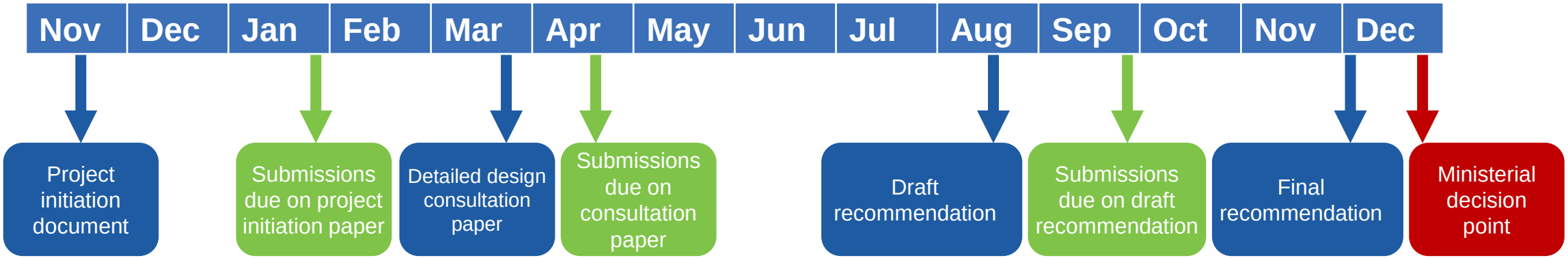
- Provides expert technical & commercial input to detailed design process
- Focussed on developing best possible model, not case for reform

- State & Commonwealth representatives
- Interactions with jurisdictional schemes
- Options for implementation

- We are happy to talk!
- info@esb.org.au

- Public forums and/or webinars
- Peak body briefings

INDICATIVE KEY MILESTONES 2021-2022



Submissions on project initiation paper are due by **28 January 2022**.
ESB's priority at this stage is to understand any alternative models that are being developed.