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Kiet Lee
Network Planning
Australian Energy Market Operator
GPO Box 2008
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Dear Kiet,

Western Victoria Renewable Integration

TransGrid welcomes the opportunity to respond to the Project Specification Consultation Report (PSCR) on Western Victoria Renewable Integration.

The power system across the NEM is in a time of significant change. Now more than ever, it is vital that transmission infrastructure as the backbone of the power system is robust and provides a stable, interconnected platform to facilitate this evolution.

Renewable energy precincts, such as that in western Victoria, should be created in the context of the least-cost development path for the power system as a whole. This will best serve the interests of consumers.

Establishment of a renewable energy precinct in western Victoria

Western Victoria is a region with abundant renewable energy resources. It has high-quality wind resources throughout and commercially viable solar resources in the north, extending into New South Wales. It provides geographical diversity to existing renewable generation and is in good proximity to the Snowy Hydro scheme, which provides large-scale firming capacity.

Therefore, the RIT-T should consider the role of the western Victoria region in the context of the power system as a whole, and not only the benefits of reducing constraints on projected new generation.

The *Independent Review into the Future Security of the National Electricity Market*, led by Dr Alan Finkel, highlighted the need for significant investment decisions on network connection between states or regions within states to be made from a system-wide perspective and in the context of a more complex energy system.

TransGrid considers that the benefits of both northern and southern connections to western Victoria should be fully analysed to ensure the best outcome.

TransGrid's modelling

TransGrid has studied and commissioned market modelling on a range of network development options to improve the capability of the power system in western Victoria.

The studies have shown that:

1. Options that strengthen the east coast transmission network, as well as developing the Victorian network, deliver the highest gross market benefits.
2. Further work is needed to quantify the full benefits of network development, including benefits that arise in combination with other developments in the NEM.
3. It is likely to be cost effective to stage developments by both geography and capacity, providing incremental network development in line with an overarching development plan. The incremental development may include northern and southern connections.
4. There are higher gross market benefits from transmission development in western Victoria than transmission development along an eastern path from Snowy to Melbourne.

TransGrid looks forward to collaborating with AEMO on further work towards the least-cost development path for the power system as a whole. Please feel free to contact Andrew Kingsmill, Manager/Network Planning, on (02) 9620 0850 to further discuss our submission and studies.

Yours faithfully

Andrew Power
Acting Executive Manager/Network Planning & Operations