MEDIA RELEASE

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Interconnector upgrade to benefit National Electricity Market

A proposal to upgrade the South Australian-Victorian Heywood electricity network interconnector will optimise the transfer of power between the two states.

The proposal to install a third transformer at Heywood in Victoria, series compensation on 275 kV transmission lines in South Australia, and 132 kV network reconfiguration works in South Australia is expected to increase interconnector capability by about 40 per cent in both directions.

This would enable increased wind energy exports from South Australia and also increase imports of lower cost generation into South Australia, particularly at times of peak demand.

If approved, the project would deliver net market benefits of more than $190 million over the life of the project with positive net benefits commencing from the first year of operation.

The proposed option has been outlined in the Regulatory Investment Test for Transmission (RIT-T) process undertaken by the Australian Energy Market Operator (AEMO) and South Australia's Transmission Network Service Provider ElectraNet to investigate increasing the capacity of the South Australia to Victoria interconnector.

"With the addition of significant amounts of wind generation in South Australia over the past few years, the Heywood Interconnector is now being used to export power from South Australia, as well as import power," said AEMO Acting Chief Executive Officer David Swift.

"A robust cost-benefit analysis has been undertaken which demonstrates benefits to the market of increasing interconnector capability over a range of future scenarios and cost input assumptions," he said.

ElectraNet Chief Executive Officer Ian Stirling said: "The RIT-T assessment reinforced ElectraNet and AEMO's commitment to ensuring efficient inter-regional electricity infrastructure investment and optimising network transfer capacity for the NEM."

"Equally important is that the proposed upgrade has the potential to deliver significant reductions in generation dispatch costs over the longer term," Mr Stirling said.

The Project Assessment Draft Report (PADR) is available on the AEMO website at www.aemo.com.au and the ElectraNet website at www.electranet.com.au.

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AEMO *operates the National Electricity Market (NEM) and power system, supporting 19 million people across Australia's eastern and south-eastern seaboard. AEMO operates the Victorian Declared Wholesale Gas Market as well as the Victorian gas transmission system. It also manages the wholesale gas Short Term Trading Market (STTM) hubs in South Australia, New South Wales and Queensland.*

ElectraNet *is South Australia's electricity transmission specialist. As the principal Transmission Network Services Provider (TNSP) in South Australia, we own and manage South Australia's regulated high-voltage electricity transmission network, and operate in Australia's National Electricity Market. To find out more visit* ***www.electranet.com.au***