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14 July 2017

Kiet Lee
Network Planning
AEMO

Dear Kiet,

**Meridian Energy Submission – Western Victoria Renewable Integration Regulatory
Investment Test for Transmission**

Meridian Energy Australia Pty Ltd (*Meridian*) thanks AEMO for the opportunity to provide comments in relation to the Regulatory Investment Test for Transmission in relation to Renewable Energy Integration in Western Victoria, including credible network and non-network options identified in the Project Specification Consultation Report (*PSCR*).

Meridian, as the owner and operator of the Mt Mercer Wind Farm (*Mt Mercer*), is well aware of the potential constraints and inefficient generation dispatch scenarios that would impact existing and new generation without significant augmentation across the western Victorian transmission system. The *PSCR* clearly sets out the options under review and highlights several of the key issues to be assessed in considering the options presented.

We are also the owner of Powershop Australia, an innovative retailer committed to providing lower prices for customers which recognizes the benefits for customers of a transition to a more renewable based and distributed energy system. As such, we also believe that there are strong customer benefits from progressing options for increased renewable energy integration in western Victoria, which will support the development of necessary new sources of energy and system security.

Meridian would like to draw AEMO's attention to the following matters:

- Significant investment has been made by a range of private and public stakeholders across the NEM and it remains paramount that those investments continue to operate in the manner for which they were intended. A stable investment environment is an imperative to ensuring the lowest cost of energy to consumers whilst maintaining a secure and stable network.
- As identified in the *PSCR*, investment in the western Victoria transmission system will bring the potential for significant market benefits including relieving constraints on existing Victorian generators and allowing for investment in additional low cost generation capacity in an area renowned for its renewable resources. The failure of the network to be able to support such investment at a time of major development in renewable energy will impose significant market costs that are borne by all customers.



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- Meridian supports those options that lead to the existing and future constraints on the network being alleviated as soon as possible such as those options shown in section 7.2 of the PSCR. This will provide the maximum investment certainty for both new and existing generation leading to lower costs for consumers.
- Meridian encourages AEMO to consider the use of very fast runback schemes in place of binding network constraints to maintain grid stability. Such schemes have the potential to reduce the requirement for additional investment, maximizes the amount of generation available for both system supply and security while imposing minimal costs.
- Whilst AEMO has a significant number of connection applications currently before it for western Victoria it remains an extremely difficult task to forecast the likelihood of additional generation or load connecting due to a range of economic, regulatory and political scenarios affecting the industry. We believe that additional investment in the network will lead to greater certainty, reduced risk and capital costs and hence additional connections of both generation and load.

Meridian would be happy to assist AEMO in assessing the benefits of each of the options outlined in the PSCR and in particular, the benefits associated with minimizing constraints on existing and new generation. We would also draw your attention to the importance of including all potential costs and benefits in any assessment. For example, we do not believe the Heywood Interconnector RiT-T was ultimately an accurate forecast of costs and benefits as it failed to factor in a range of issues including excessively high FCAS prices during outages and the limitations of benefits from the requirement to impose significant system security constraints on use of the line.

If you have any further questions please feel free to contact me.

Yours sincerely

Angus Holcombe
Meridian Energy Australia – Asset Manager