

NOTICE OF CONSULTATION

DRAFT 2020 INTEGRATED SYSTEM PLAN ACTIONABLE ISP PROJECTS

CALL FOR NON-NETWORK OPTIONS

Date of Notice: 12 December 2019

This notice informs all Registered Participants and interested parties that AEMO is currently requesting submissions on non-network options for the Victoria to New South Wales Interconnector (VNI West) and Queensland to New South Wales Interconnector (QNI) – Medium Upgrade. These are identified as actionable ISP projects in the Draft 2020 Integrated System Plan (ISP).

1. VNI West

The Draft 2020 ISP identifies VNI West as an actionable ISP project. Given the need to progress this project quickly, AEMO and TransGrid have commenced the project under the current regulatory framework and have published a Project Specification Consultation Report (PSCR) on VNI West in conjunction with the Draft 2020 ISP.

As consultation on the PSCR and the Draft 2020 ISP will occur in parallel, AEMO wishes to simplify the process for stakeholders in relation to submissions on non-network options. The technical characteristics that the non-network options for VNI West must meet are described in the VNI West PSCR. All submissions on non-network options should be directed to the VNI West PSCR at VNIWestRITT@aemo.com.au.

Consultation on the PSCR begins on 12 December 2019 and finishes on 13 March 2020. More information on this process can be found on AEMO's website at <https://aemo.com.au/Electricity/National-Electricity-Market-NEM/Planning-and-forecasting/Victorian-transmission-network-service-provider-role/VNI-West-RIT-I>.

2. QNI Medium

This request for submissions on non-network options for QNI Medium has been prepared in accordance with the requirements of clause 5.22.10 of the Draft Integrated System Plan (ISP) Rules. The Energy Security Board is currently consulting on these draft Rules. It is expected that the ISP Rules will be finalised and will commence prior to the release of the 2020 ISP in mid-2020. This consultation is available at <http://www.coagenergycouncil.gov.au/publications/consultation-draft-isp-rules>.

Matter under Consultation

The matter for consultation is a call for non-network options for QNI Medium. In line with the requirements of the draft ISP Rules, this consultation notice:

- Describes the identified need that the QNI Medium project (including any *non-network option*) is addressing; and
- Provides detail on the technical characteristics that the *non-network options* for the QNI Medium project must meet.

Identified Need for investment

The identified need is for additional transfer capacity between Queensland and New South Wales to realise net market benefits by:

- Efficiently maintaining supply reliability in New South Wales following the closure of further coal-fired generation and the decline in ageing generator reliability.
- Facilitating efficient development and dispatch of generation in areas with high quality renewable resources in northern New South Wales through improved network capacity and access to demand centres.
- Enabling more efficient sharing of resources between NEM regions.

Technical Characteristics

At a high level, a credible non-network option will need to be able to relieve constraints on the shared transmission network between Liddell and Braemar substations, or use a different approach to achieve an outcome that is commensurate with the allowable transfer increases that would arise under the ISP candidate option.

Non-network solutions might include load reduction, generation reduction and storage response in New South Wales and Queensland that can minimise thermal capacity and stability limitations. AEMO has set out a number of potential technologies in Table 1 that could assist with meeting the identified need.

AEMO is not prescriptive at this early stage of the regulatory process regarding the role of non-network options and operating profiles for these solutions. AEMO is interested to hear from parties regarding the potential for non-network options to satisfy, or contribute to satisfying, the identified need, and from potential proponents of such non-network options.

AEMO encourages proponents of potential non-network solutions to make a submission to this ISP, as any non-network solutions considered will require indicative costs and timings to be transparently evaluated alongside the other options in the RIT-T.

Table 1 Description of how non-network technologies could deliver key market benefits

| Market benefit | Reduce or defer generator capital costs | Reduce fuel costs | Facilitate connection of high-quality renewable generators |
|--|---|---|---|
| How a non-network technology could provide this category of market benefits | Defer the need for generation development in New South Wales or Queensland. | Reduce load in NSW or QLD during peak demand times so as to reduce the operation of peaking generation, storage, or operating reserves ¹ . | Use storage to improve the utilisation of the network in high-quality renewable resource areas. |
| Possible Technologies | | | |
| Peak load reduction in Queensland or New South | ✓ | ✓ | - |
| Shifting of load away from peak times to alternative periods. | ✓ | ✓ | |
| Energy storage to smooth the output of surplus variable renewable energy. | ✓ | ✓ | ✓ |
| Improve the utilisation of existing generating plant. | ✓ | - | - |
| Use of load reduction to reduce congestion on the QNI interconnector. | - | ✓ | - |
| High speed post-contingent demand response or generator tripping to improve stability limitations on the QNI interconnector. | ✓ | ✓ | - |
| Improve system strength to increase the ability of the network to connect renewable generation. | - | - | ✓ |

Information to be provided by proponents of a non-network option

The above is not an exhaustive list of potential non-network services. AEMO welcomes potential non-market service providers making submissions on potential non-network options they believe can address the identified need outlined in this ISP.

Submissions should include details on:

- Organisational information.

¹ Generators can require many hours' notice before they can start generating; similarly, demand response may require numerous hours' notice. To ensure the system operates in real time with high technical integrity, it is necessary to have operating reserves available, but unutilised, to ensure the system is able to cope with unexpected variations in supply and demand.

- Relevant experience to demonstrate the capability and current utility scale delivery of the technology.
- Technical details of the service, including location, scale and operating profile.
- Cost and scalability of service, separating capital and operational expenditure.
- Confirmation of any timelines involved in providing the service.
- Responsibility and liability arising directly or indirectly from the operation or failure of the non-network solution.
- Demonstration of the proponent’s financial viability.

The Consultation Process

The consultation process is outlined below.

| PROCESS STAGE | DATE |
|---|------------------|
| Call for submissions (publication of this Notice) | 12 December 2019 |
| Closing date for submissions in response to this Notice | 13 March 2020 |
| Publication of Final 2020 ISP | Mid 2020 |

Invitation to Make Submissions

AEMO invites written submissions on non-network options.

Please identify any parts of your submission that you wish to remain confidential, and explain why. AEMO may still publish that information if it does not consider it to be confidential, but will consult with you before doing so.

It is imperative that the ISP remains a transparent and consultative process. Please note that material identified as confidential may be given less weight in the decision-making process than material that is published.

Closing Date and Time

Submissions in response to this Notice of Consultation should be sent by email to isp@aemo.com.au to reach AEMO by 5.00 pm (Melbourne time) on 13 March 2020.

All submissions must be forwarded in electronic format (both pdf and Word). Please send any queries about this consultation to the same email address.

Submissions received after the closing date and time will not be valid, and AEMO is not obliged to consider them. Any late submissions should explain the reason for lateness and the detriment to you if AEMO does not consider your submission.

Publication

All submissions will be published on AEMO’s website, other than confidential content.