AUSTRALIAN ENERGY REGULATOR

Level 17, Casselden
2 Lonsdale Street
Melbourne Vic 3000

GPO Box 520
Melbourne Vic 3001
Tel: (03) 9290 1800
Fax: (03) 9663 3699
www.aer.gov.au

Our Ref: 61592
Contact Officer: Ali Hassan
Contact Phone: 02 9230 9106

01 April 2019

Alex Wonhas
Chief System Design & Engineering Officer
Australian Energy Market Operator (AEMO)
Level 22, 530 Collins Street
MELBOURNE VIC 3000

Dear Mr Wonhas,

**Re: AER Information Request- SAET RIT-T Dispute**

As you are aware, on 15 March 2019, the Australian Energy Regulator (AER) received a dispute notice[1] from the South Australian Council of Social Service (SACOSS) regarding the South Australian Energy Transformation (SAET) regulatory investment test for transmission (RIT-T) undertaken by ElectraNet.

In accordance with clause 5.16.5(d) of the National Electricity Rules (the Rules), the AER is required to either reject the dispute or make and publish a determination on the dispute within 40 days of receiving the dispute notice. This can be extended by up to 60 days to account for the complexity or difficulty of the issues involved.

In its dispute notice, SACOSS contend that ElectraNet's Project Assessment Conclusions Report (PACR) for SAET RIT-T does not adequately consider the system security risks with the assumed retirement of three gas generators or an unplanned outage of one of the interconnectors, such as the Heywood interconnector. In particular, SACOSS contend that the PACR provides little detail about the operation of a Special Protection Scheme (SPS) proposed to detect and manage system security risks associated with the loss of Heywood and/or the proposed interconnector.

As AEMO is responsible for maintaining the system security and given that the design of a Special Protection Scheme (SPS) (as proposed in the SAET RIT-T) will involve ElectraNet and AEMO, we seek guidance on the concerns raised by SACOSS regarding the achievability of a SPS to support the combined flows across both Heywood and the proposed new interconnectors modelled in the RIT-T. Accordingly, we seek information and your response on the following:

[1] SACOSS, Dispute Notice under Clause 5.16.5 of the NER, ElectraNet's SA Energy Transformation RIT-T, 15 March 2019

a. The feasibility of a SPS as proposed for the new interconnector in ElectraNet's PACR[2]:

   - What are the technical requirements of an SPS to ensure South Australia remains synchronously connected to the NEM following the non-credible loss of either the Heywood interconnector or the proposed new interconnector while combined imports or exports across the interconnectors are at the maximum of 1300 MW.
   - We understand that the SPS would need to operate within very tight time limits to avoid system security risks and maintain connection to the rest of the NEM. Please advise whether the time frames required are achievable.
   - How reliable will this scheme be, that is what is the level of confidence that the scheme operates when it should and does not operate when it should not?
   - Given the detailed design of any transmission project is not available prior to the successful completion of the RIT-T, what is the process to develop, approve and commission the final scheme?

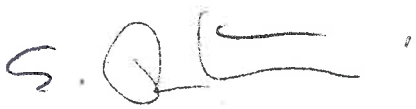
b. Design studies undertaken to date in relation to the SPS for the proposed interconnector and/or any completed studies for similar requirements in the NEM or any other jurisdiction. This would assist us in understanding whether there are international or national examples of such a protection scheme to assist in assuring the Commission that such a scheme is technically and commercially feasible and able to be constructed at a cost which is immaterial within the overall preferred project.

c. What other measures are likely to be required to manage system security, for example limiting transfer capabilities/flows on either the proposed interconnector or Heywood.

We would appreciate your response by **8 April 2019.**

If you have any questions regarding this matter, please contact Ali Hassan on 02 9230 9106.

Yours sincerely



Sebastian Roberts
General Manager
Transmission and Gas Branch

Sent by email on: 01.04.2019

[2] ElectraNet, South Australian Energy Transformation (SAET) RIT-T, PACR, page 67, March 2019