AusNet Transmission Group Pty Ltd

Transmission Revenue Review 2017-2022

Revised Revenue Proposal

Appendix 4D: AEMO letter to AusNet Services re retirement of SCOs

Submitted: 21 September 2016

mission **ZERO**

10 August 2016

Mr Nino Ficca
Managing Director
AusNet Services
Level 31
2 Southbank Boulevard
Southbank VIC 3006

By email: nino.ficca@ausnetservices.com.au

Dear Mr Ficca

Retirement of Synchronous Condensers (SCOs) at Brooklyn and Templestowe

Your letter dated 7 July 2016 refers.

AEMO confirms that:

- The service provided by the BLTS SCO is no longer required (the assets need not be returned to service); and

- The service provided by the TSTS SCO will not be required from 1 April 2017 (the scheduled commencement date of AusNet Services' next regulatory period).

Please accept this letter as formal notice under clause 4.5(a) of the Network Agreement dated 3 December 1994, as amended, that the Network Services may be reduced accordingly.

As noted in your letter, AEMO expects that AusNet Services' Revised Regulatory Proposal for 2017 – 2022 will include a reduction of $84,000 in expenditure to offset the avoided cost of maintaining and operating the BLTS SCO in the 2016/17 regulatory year.

We have also provided to AusNet Services, the results of AEMO's market benefit studies in relation to the SCOs at Brooklyn, Templestowe and Fisherman's Bend (refer to correspondence dated 22 July 2016).

Should you have any questions in relation to this letter, please do not hesitate to contact Nicola Falcon, Group Manager Planning on (03) 9609 8922 or by e-mail Nicola.Falcon@aemo.com.au

Yours sincerely

Karen Olesnicky
Acting Chief Executive Officer

cc: Anh Mai – Manager Economic Regulation – AusNet Services
      anh.mai@ausnetservices.com.au