

5 April 2013

Michelle Groves
Chief Executive Officer
Australian Energy Regulator
GPO Box 520
MELBOURNE VIC 3001

Dear Michelle

re: Heywood Interconnector Upgrade RIT-T – Request for Rule 5.16.6 determination

As you will be aware, ElectraNet and AEMO have conducted a Regulatory Investment Test – Transmission (RIT-T) for the upgrade of the South Australia to Victoria Heywood Interconnector.

The RIT-T was commenced in October 2011 with the publication a Project Specification Consultation Report and concluded with the Project Assessment Conclusions Report (PACR) published in January 2013. There were no disputes raised during the 30 day period under clause 5.16.5(c).

The purpose of this letter is to request the AER to make a determination as to whether the preferred option, to install a third transformer and 500 kV bus tie at Heywood in Victoria, series compensation on 275 kV transmission lines in South Australia, and 132 kV network reconfiguration works also in South Australia as stated in the PACR, satisfies the RIT-T.

Consistent with clause 5.16.6(a), in making this request for a determination, ElectraNet advises that the preferred solution identified in the PACR is not a reliability corrective action.

Section 5.5 of the AER's Regulatory investment test for transmission application guidelines requests that TNSPs include with a request for a determination information or reports that may be relevant to the AER's determination.

The following RIT-T documents are relevant to the AER's determination and are available on ElectraNet's website¹:

- Project Specification Consultation Report (PSCR) and submissions to the PSCR;
- Project Assessment Draft Report (PADR) and submissions to the PADR;

- Supplementary document Victoria - South Australia Interconnector control scheme feasibility study; and
- Project Assessment Conclusions Report including an Appendix to the PACR.

ElectraNet and AEMO have also responded to a letter from the AER dated 13 March 2013, in relation to issues raised in correspondence to the AER from the National Generators Forum (NGF), Macquarie Generation and EnerNOC. This response provides further information to clarify the assumptions and approach used in the Heywood Interconnector Upgrade RIT-T analysis, in response to the issues raised by the NGF, Macquarie Generation and EnerNOC. A copy of this response is attached for your information. We understand the AER will use this information in considering ElectraNet's clause 5.16.6 application.

I would like to arrange an opportunity to meet with you to discuss the process and timetable the AER intends to follow in considering ElectraNet's application and making a determination under Rule 5.16.6.

Following the conclusion of this process, ElectraNet will then lodge a contingent project application to secure final regulatory approval for the project.

Please contact either Simon Appleby on (08) 8404 7324 or David Bentley on (08) 8404 7960 for any enquiries in relation to this application.

Yours sincerely



Rainer Korte
**Executive Manager Network Strategy
and Regulatory Affairs**