

Your ref:
Our ref:

1 February 2021

Mr Eli Pack
Submissions@aemo.com.au

Dear Mr Pack

re: Inputs, Assumptions and Scenario Report 2021 Consultation

ElectraNet appreciates the opportunity to provide input to the latest Inputs, Assumptions and Scenarios Report (IASR) for AEMO's 2022 Integrated System Plan (ISP). The IASR consultation document is a substantial body of material and demonstrates a high level of rigor applied by AEMO in the production of the ISP.

AEMO has indicated that ElectraNet will have opportunities to provide further input to the 2022 ISP through the Market Modelling Methodology consultation to commence shortly and through further collaboration on topics that relate to ElectraNet's specific area of expertise, as requested separately on 12 January 2021.

We will also continue to engage with AEMO through Joint Planning and Reference Groups chaired by AEMO to ensure the highest quality of inputs are used in the development of the 2022 ISP. We look forward to further engagement through those processes in coming months.

In relation to the IASR consultation, we would like to make the following comments on the inputs and assumptions.

In relation to the delivery timing of actionable ISP projects, we wrote to the AER in September 2020 in an update to its Project EnergyConnect Contingent Project Application advising that the target date for completion of construction of this project would be March 2023. This would be followed by a period of inter-network testing before being fully available. We will continue to keep AEMO informed on the progress and timing of Project EnergyConnect throughout the year, including with the advice we provide to AEMO monthly for reporting to the Energy Security Board.

We understand that hydrogen exports will be considered in the Export Superpower scenario for the 2022 ISP. Hydrogen represents a major opportunity for Australia to continue to provide energy exports to the rest of the world, replacing emission intensive coal and gas exports in the long term.

We consider this a relevant scenario for AEMO to explore and expect it would have a material impact on the options available to deliver customers safe, reliable and affordable electricity, notably by facilitating the efficient use of the regulated network.

Further, hydrogen as bona fide energy storage should be distinguished from hydrogen production for industrial uses and export. We expect that exports of hydrogen should not be achieved at the expense of Australian electricity customers.

Where REZ connections to major load centres are to be expanded under the ISP as regulated investments, this should only be assumed to occur where the benefits of REZ expansion clearly outweigh the cost to electricity customers, or else alternative delivery mechanisms should be considered.

We recommend that the full variable and fixed costs of hydrogen are captured including round trip efficiencies for electricity conversion, noting also that the industry is in its infancy and that costs will be subject to material uncertainty for some time. Benchmarking of inputs against international comparisons such as the National Renewable Energy Laboratory in the United States would also help increase confidence in the inputs and outcomes of the 2022 ISP outcomes in this scenario.

Yours sincerely

A handwritten signature in black ink, appearing to read 'HK' with a stylized flourish below it.

Hugo Klingenberg
Manager Network Development