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31 May 2023

AEMO  
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Dear Sir/Madam,

### **DRAFT 2023 TRANSMISSION EXPANSION OPTIONS REPORT**

Reach Solar energy (**Reach**) appreciates the opportunity to provide its response to the AEMO Draft 2023 Transmission Expansion Options Report dated May 2023 for the 2024 Integrated System Plan.

By way of background, Reach is a developer of large-scale solar photovoltaic (**PV**) and distribution connected energy storage projects. Reach management ([www.reachsolarenergy.com.au](http://www.reachsolarenergy.com.au)) have a proven track record with development, large-scale capital raising and operations, for both energy and infrastructure projects across Australia and internationally.

In mid 2017, Reach raised \$500m of project finance for Bungala One and Two, 2 x 110MWac solar PV in South Australia. Reach also developed 450MW (1,300 GWh pa P50 basis) as the first stage of the 900MW Yarrabee solar project in NSW near Narrandera with strong local community and landowner support, and a 5MVA distribution-connected battery site which is due for completion by end of 2023 in Adelaide.

### **Reach response**

#### **A. Not just about big transmission**

As the draft AEMO report suggests, grid systems need both big projects (e.g. Project Energy Connect) and key small interconnecting projects for the grid system to work efficiently.

A case in point is given in the table on pages 74-75, where the TransGrid preferred Option 4 for the South West RIT-T conclusions report is shown to yield a least cost solution of **\$0.278m per MW** i.e. **\$166.9m for 600MW**.

TransGrid's Project Assessment Conclusions Report (**PACR**) for the South West RIT-T, dated June 2022, concluded that only Option 4 would **completely satisfy** the "identified need". Option 4 includes "*the construction of a new 90km 330kV transmission line from Darlington Point to Dinawan at an estimated cost of \$166.9 million, coupled with a 3-year contract to a battery storage project*". This Preferred Option is currently in limbo as Option 4 was not accepted by the AER and the identified need for the South West network will not be met.



## **B. Reliance on AER**

Non approval and/or delay by the AER to the RIT-T process is well documented and not repeated here.

Multiple State Governments have enacted new legislation to bypass the AER process but a number including NSW remain reliant on the AER responding promptly to provide regulatory certainty for investors and banks.

The RIT-T process remains part of the NSW Roadmap process and the status of the South West RIT-T after just under 3 years of process and written assurance by TransGrid, sets a concerning precedent.

## **C. Costs and risk allocation**

The Mott MacDonald long-term outlook for costs appear reasonable to Reach but the near-term is expected to be higher and face more constraints than indicated.

The UK Government have recently concluded the current transmission build is not going to deliver its 2030 objectives (a similar story to Australia). It has recently decided to:

- Support rapid infrastructure delivery including a fast-track process for planning consents
- Government to provide pre-construction funding on eight (8) of the main transmission projects.
- Allow a number of transmission projects will not require a competitive tender process
- Relax the penalties for delay and/or non-performance by the contractor

NSW has arguably been the most progressive in this matter including underwriting early works costs which reduce risk to the prospective contractors and enable more facts to be presented for the specific site and/or route of the transmission line.

## **D. Social licence.**

A project is unlikely to be successful unless the landowner and local community are supportive. The recently prescribed \$ per km should assist discussions but Reach consider Governments (State and Federal) should take a more active role in land acquisition for transmission.

Please do not hesitate to contact me on 0410 657 807 to discuss this important matter.

Yours faithfully,

Chris Kendall  
**Director, Reach Solar energy**