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Westwind Response to AEMO 2024 Draft ISP

AEMO ISP Question No. 1

Does the proposed optimal development path help to deliver reliable, secure, and affordable electricity through the NEM, and reduce Australia's greenhouse gas emissions? If yes, what gives you that confidence? If not, what should be considered further, and why?

WESTWIND Response:

The Optimal Development Path (ODP) paints a promising vision for a more sustainable and affordable electricity future and sets out the required actions needed for sustainable energy requirement such as: Urgency on the significant investment in renewable energy and firming technologies.

- Faster coal retirement than currently announced.
- Sharp increase in demand for electricity
- Development/ Augmentation of Transmission line infrastructure

The ODP helps with an understanding of WHAT is required but HOW it can be delivered, and in particular within the ambitious timeframe outlined in the ODP, remains largely unanswered. This remains a great source of concern and thereby undermines confidence. Effective implementation and adaptation of the plan as set out by AEMO is the key challenge to unlocking its full potential. It requires close monitoring, evaluation, and adjustments to be undertaken on an ongoing basis. The approach taken must also be clear and pragmatic enough so that the industry and government can deliver it in a joint effort.

Further to what is proposed in the ISP some key actions that are listed below need to be considered:

- 1) Streamlining and substantial shortening of the timeframe of approvals processes for renewable energy (in particular wind energy) and transmission infrastructure projects.
- 2) Defining the Renewable Energy Zones (REZs) based on resource availability and in-depth industry engagement. The risk for projects in a REZ should be lower for developers and investors alike. However, the government declared REZs are currently increasing risks for developers. Queensland's approach to industry led REZs is the preferred approach by industry as it provides greater certainty earlier in the development phase and places the REZs where the best resource in reasonable proximity to load is located.
- 3) Strengthening the existing transmission network to increase the hosting capacity.
- 4) Considering a stronger legislative framework that reflects the urgency and necessity to speed up development approvals, enhance investment certainty and provide more confidence in HOW the energy transition can be achieved. Europe's emergency legislation COUNCIL

REGULATION (EU) 2022/2577 is one example how other jurisdictions try to accelerate the roll-out of renewable energy that filters all the way down to planning departments across the EU.

AEMO ISP Question No. 2

Does the proposed timing and treatment of actionable projects support a reliable, secure and affordable NEM? If yes, what gives you that confidence? If not, what should be considered further, and why?

WESTWIND Response:

The 2024 Draft ISP provides a visionary plan on timing and treatment of actionable projects towards a reliable, secure, and affordable NEM. Reflecting on the current scenario, it acknowledges the delays on several major transmission projects that were identified in the 2022 ISP. To achieve the set target and overcome the risk of an energy crisis or fail to achieve emissions reduction targets, urgent investments in renewable energy and transmission infrastructure are required.

Our analysis of the ODP reveals some critical gaps in the execution plan for achieving the proposed timeline. Several key details, as outlined below, appear to be missing from the draft:

- Viable execution strategies for the timely completion of the identified transmission projects under the current regulatory framework.
- Identification, planning and delivery of additional transmission projects that are required for various project clusters across the NEM that fall outside the regulatory framework (RIT-T process) and could be funded with private investment.
- An open assessment of causes of project delays in the past and how those issues would be addressed going forward.
- Strategies how the private sector investments in renewables and supporting transmission and storage infrastructure can be expedited to meet the growing electricity demand.

In our view, the current ODP has not sufficiently factored in the timing required for intermediate connection steps such as planning and development, social licensing, connection approvals, testing and commissioning. Also, the ODP appears to have overlooked the time delay contributions from technologies which are either yet to be developed or are unfit for purpose (considering the rapid technology development in the renewable generation, storage, and grid integration sectors)

To meet the target of reliable, secure, and affordable electricity across the NEM, we believe the following are the crucial actions to consider:

- 1) Prioritizing and expediting planning and approvals processes for critical clean energy and transmission infrastructure.
- 2) Proposing base project timelines based on realistic industry-standard renewable project development timeframes.
- 3) Foster a collaborative and results oriented relationship between the renewable energy industry, transmission network service providers, government departments, academia, regulators, investors, politicians, and community leaders where everyone accepts accountability for the success or failure of the energy transition. Constant finger pointing from

one party to another or blaming others for their shortcomings without credible alternatives is not helpful as we have a joint responsibility to deliver the energy transition.

AEMO ISP Question No. 3

Does the Draft 2024 ISP accurately reflect consumers' risk preferences? If yes, how so? If not, how else could consumers' risk preferences be included and what risks do you think are important to consider?

WESTWIND Response:

The ODP portrays risks such as price volatility, reliability concerns, and environmental impacts as major consumers risk of which increase in electricity cost being the major risk. The ODP highlights the fundamental tension between minimizing expenditure and mitigating associated risks within the context of infrastructural planning. Hence suggests early investment into renewable infrastructure could be taken as a step to mitigate the risk.

For enhanced alignment with consumer risk preferences, the ODP could incorporate:

- 1) The market inflation: Rising energy costs and cost of living will have an impact on the renewable project investment costs and hence on the electricity prices.
- 2) Issues such as supply chain constraints, unavailability of skilled workforce which impact on project schedule/budget and ultimately impact on electricity prices.
- 3) Detailed research to capture deeper understanding of consumer risk preferences across diverse demographic groups and project types could be pursued.

Also, consumer risk preferences are dynamic and can evolve over time. Ongoing monitoring and engagement will be essential for ensuring public support for Australia's renewable energy transition.

AEMO ISP Question No. 4

Do you have advice about how social license can be further considered in the ISP, or advice on how to quantify the potential impact of social license through social license sensitivity analysis?

WESTWIND Response:

AEMO ISP emphasizes the importance of social license in enabling the energy transition. It highlights for the energy transition to succeed; community acceptance will be required in three below areas:

- local community acceptance of new infrastructure development
- owner acceptance for the 'orchestration' of their consumer energy resources (see above)
- broad social acceptance of the energy transition itself

- cross jurisdiction coordination on governance and communication of the requirements for renewable transition

Westwind, being an experienced Australian wind farm developer, we believe, below are 4 key areas requiring improvement for better Community Engagement Practices in Renewable Energy Projects (both generation and transmission).

- 1) The lengthy planning process for development creates uncertainty regarding project success and subsequently becomes difficult to maintain consistency in messaging and the ability to provide certainty of information for the community. This further deteriorates the community trust in the project hence streamlining the planning processes for swift and clear decisions will reduce community uncertainty and support better community engagement.
- 2) Governments need clearer expectations for developers about community engagement and define "social license" based on majority stakeholder support, not unanimity. This reflects the government's mandate for renewables and encourages fair benefit distribution to avoid community conflict. However, these expectations need to allow for flexibility to respond and incorporate feedback on the benefits that the communities identify as most important. Each community needs to be heard and responded to based on their individual needs and concerns. There is not a 'one size fits all' approach to engagement.
- 3) In our experience premature community engagement leads to fear and uncertainty from a lack of understanding and limited information being available. Hence community consultation through the draft design phase should be supported to ensure project design can respond to constraints identified by stakeholders and during the environmental assessment process.
- 4) There is a requirement for a government-led cross-jurisdiction approach to support appropriate governance and communication on key issues regarding the broader energy transition and its required infrastructure development. This will enable better community understanding and therefore support for the transition and its associated developments.

Hence, prioritizing community voices in Australia's renewable energy journey is key. Open, honest engagement builds trust, fosters sustainability, and ensures projects enrich sustainable solutions.

Sincerely,
Nimisha Upadhayay
Manager- Grid Connection