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Submitted by email to projectmarinus@tasnetworks.com.au

Project Specification Consultation Report

Snowy Hydro Limited welcomes the opportunity to comment on matters raised in the Consultation Report from the TasNetworks on the Project Specification for an additional interconnection between Victoria and Tasmania.

Snowy Hydro Limited is a producer, supplier, trader and retailer of energy in the National Electricity Market ('NEM') and a leading provider of risk management financial hedge contracts.

Strategic transmission projects identified in the Australian Energy Market Operator (AEMO) Integrated System Plan (ISP) cannot afford further delay and need to become actionable. Snowy Hydro therefore supports TasNetworks intent to rely on the central assumptions and scenarios developed by AEMO for the ISP where possible. We consider that in making the ISP actionable the focus should be on strategic national investments.

The NEM is transforming from a market dominated by, fossil-fuelled generation to one where a far greater role will be played by renewable generation and major storage responding to more active and responsive demand. This is where the ISP is able to show the economic benefits under all scenarios including the timing of some elements under different assumptions, particularly relating to the rate of change and the progress of proposed major energy storage initiatives.

TasNetworks notes the possibility that the ISP may "fast track" transmission projects through the regulatory investment test for transmission (RIT-T) process if AEMO classifies these projects as "least regret" investments.¹ Snowy Hydro agrees with this approach as AEMO's ISP has identified strategic storage investment proposals as being part of a set of transmission investments which can best unlock the value of existing and new resources in the system, at the lowest cost, while also delivering energy reliably to consumers.

¹ TasNetworks, 2018, "Project Specification Consultation Report - Additional interconnection between Victoria and Tasmania"

AEMO's ISP and its supporting information reveal how strategic and targeted investment in new transmission will minimise the overall cost and support consumer value by lowering fuel and operating costs and operating risk by a more inter-regionally connected system, and provide system access to the least-cost supply resources that can replace the retiring coal plant. Under AEMO's Neutral ISP planning scenario, the ISP forecasts that one of the lowest cost replacement for this retiring capacity and energy is storage which is expected to provide 17 GW or 90 GWh.²

AEMO have done a comprehensive job with the inaugural ISP. Snowy Hydro considers it appropriate that the ISP should focus on identifying transmission projects which are focused on strategic and nationally significant investments. In our opinion the transmission developments identified in the inaugural ISP has met these criteria.

Snowy Hydro appreciates the opportunity to respond to the Consultation Report and any questions about this submission should be addressed to Panos Priftakis, Regulation Manager, by e-mail to panos.priftakis@snowyhydro.com.au.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'K Ly', with a horizontal line underneath.

Kevin Ly
Head of Wholesale Regulation
Snowy Hydro

² AEMO, 2018, "Integrated System Plan for the NEM", pp5

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