

27 September 2018

Ms Anne Pearson
Chief Executive
Australian Energy Market Commission
PO Box A2449
Sydney South NSW 1235

Electronic Lodgement – ERC0239

Dear Ms Pearson

Draft Rule Determination, Generation three year notice of closure

Energy Networks Australia welcomes the opportunity to make a submission to the Australian Energy Market Commission (AEMC) on the Draft Rule Determination, Generator three-year notice of closure.

Energy Networks Australia is the national industry body representing businesses operating Australia's electricity transmission and distribution and gas distribution networks. Member businesses provide energy to virtually every household and business in Australia.

Energy Networks Australia recommend changing the minimum three year notice to five years' notice of closure.

As noted in our previous submission three years' notice may be sufficient for certain types of new/replacement generation for plant with short lead times such as PV or wind etc. Both transmission and distribution networks have a fundamental role in ensuring power system reliability and security. Managing the orderly transition also needs to extend to the provision of any required new infrastructure to support new generation in other areas of the grid. This new infrastructure may be able to be built within the three years, however this timeframe may not always be enough for any new interconnectors or significant infrastructure development.

Transmission planning horizons are 5-10 years and include regulatory investment test processes which can take 12-18 months, land access and construction approvals 24-30 months (including stakeholder and landowner engagement, corridor and site selection, environmental assessment and management plans, planning and environmental approvals, and acquisition of easements and sites) and construction which can take around two years depending on line lengths to be built.

Energy Networks Australia note that recent ESB consultation on the NEG reliability component trigger is also considering the benefits of a five year trigger in order to encourage the market to work to address the supply gap earlier. This would allow

more time for generators to commit and will help to increase the delivery of transmission infrastructure within the five year window.

Energy Networks Australia's understanding of the rule is that all generating units will need to notify an expected closure date within 6 months of the rule being made, whether the expected closure date is within or beyond three years at that time. In addition all new generator registrations will be required to provide an expected closure date on registration. The no less than three year notification is a binding notification, whilst it may be extended at the discretion of the generator, this is a more certain notification for transmission planning purposes.

The ISP and TNSP scenario planning can rely on earlier binding notifications to inform emerging transmission limitations linked to generator closures. The earlier identification can be the vehicle for identifying strategic easements which may assist TNSPs being able to secure and/or maintain easements in an orderly and timely manner.

The Draft Determination notes AGL's comments that they provided 7 years' notice of closure for Liddell. ERM Power also supported a minimum of four years notice to better complement the NEG. Whilst we recognise the current political uncertainty regarding emissions policy, providing a minimum of five years' notice would provide a robust framework and have the necessary reliable information at hand when a policy to manage supply and demand, reliability and security of the power system is reformed.

Should you have any additional queries, please feel free to contact Ms Verity Watson - Head of Transmission on 0404 098 597 or vwatson@energynetworks.com.au

Yours sincerely,



Andrew Dillon
Chief Executive Officer