

## MEDIA RELEASE

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### Interconnection vital to competitive, clean energy markets

Australia's national electricity grid will need stronger interconnection to support renewable energy and keep wholesale markets competitive.

Energy Networks Australia Chief Executive Officer, John Bradley, said recent generation closures in South Australia had driven up wholesale electricity prices in South Australia but more interconnection could reduce pressure on customer bills.

"Interconnectors aren't always popular with incumbent generators because they inject competition into wholesale electricity markets, with security and cost benefits for energy users," Mr Bradley said.

"South Australia has seen sharp increases in wholesale electricity prices and forward contracts, which have been trading at around \$100/MWh for the next three years, compared to \$55 to \$65 per MWh in other States.

"ElectraNet recently launched public consultation on four Interconnector options for South Australia which would make wholesale markets more competitive and put downward pressure on costs faced by customers," Mr Bradley said.

ElectraNet's report indicates that a new interconnector could be commissioned as soon as 2021 and cost between \$500 million and \$2.5 billion depending on the option.

Mr Bradley said strict rules applied to interconnection investment tests to ensure they are assessed against non-network solutions.

"An interconnector project will only proceed if it is the most efficient option and if the cost is less than the savings and other benefits it delivers for electricity customers.

"Other countries are relying on increased interconnection to support secure, competitive markets as the renewable generation plays a greater role.

"Denmark may be the only place in the world which matches South Australia for reliance on renewable energy – but it has multiple interconnectors which meet up to 80% of peak demand."

Mr Bradley said Energy Networks Australia supported the COAG Energy Council's current review to streamline the regulatory test for interconnectors.

"Australian electricity customers need the decisions on interconnectors to be robust and efficient– but they need them quickly.

"An interconnector project will only proceed if it is more efficient than other solutions which meet the needs of the market, and that includes proposals based on new technologies like battery storage, demand management or synchronous condensers," Mr Bradley said.

### ENDS

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*Energy Networks Australia represents Australia's electricity transmission and distribution networks and gas distribution networks. Our members provide energy to virtually every household and business in Australia.*