UPC Renewables™

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AEMC
By online: AEMC.gov.au

Re: EPR0052 Coordination of generation and transmission investment

UPC Renewables Australia Pty Ltd ("UPC") is the Australian entity representing the global UPC Renewables Group that was established in the early 1990s and has developed, owned and operated over 3500MW of large scale wind and solar farms in 10 countries in Europe, North America and Austral-Asia with an investment value of over $5Billion USD. We have always been a pioneering Renewable Developer, developing the first commercial wind farms in Italy and Indonesia as an example. Our mission is to meet our world's growing energy needs with clean electricity and improve the lives of local people and communities. As a developer, owner and operator, UPC is vested in the community for the long term. UPC established in Hobart, Australia in early 2017 and has an Australian development portfolio of several GWs including the Robbins Island and Jim's Plain windfarms in north-west Tasmania and large solar developments on mainland Australia.

UPC is pleased to have the opportunity to respond to the paper into how best to improve the coordination of generation and transmission investment. We consider this work is both important and timely in regard to the ensuring the optimum development of renewable energy zones and the transmissions to support such development. We believe the indentification of the REZs in the integrated system plan is a good start into achieving better outcomes.

UPC support option 1 outlined in the discussion paper that the current process should be sufficient to promote transmission investment with better coordination and information from AEMO and the TNSPs. With better coordination between AEMO and TNSP, for example through the ISP, then UPC believe that efficient outcomes for transmission investment can be achieved.

Ideally, when a REZ is identified as a preferred development zone then the transistion should be a priority for development. In such cases, either they do not need to go through a RiT-T assessment or a more balanced and refined RiT-T approach needs to be adopted. A historic review of the RiT-T process shows that it is deficient, not including obvious externalities and using very high discount rates over only 20 years from project commencement. It is a stark contrast when you see more recent generation infrastructure assessments (ie Snowy 2.0) using full life revenue streams (ie 50 years) and low (ie 5 percent) discount rate. As part of the process of developing better coordination approach under option 1, either the RiT-T should be refined or a new methodology should be used to allocate cost of new transmission development.

This would particularly be the case in terms of interconnection between jursidictions as the interconnection provides greater benefits, such as cross jurisdictional energy security, greater diversity of renewable resources and more efficient interregional pricing, than just connecting a new zone within a region. Such factors need to be better represented in the RiT-T moving forward for it to assist in the orderly transition to a diversified renewable energy generation system.

UPC appreciates the opportunity to provide our input into the this review and wish to state that we remain available to discuss or clarify our submission should you so wish,

Yours Sincerely

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