

19 October 2020

Ms Merryn York
Acting Chair
Australian Energy Market Commission

Lodged online: www.aemc.gov.au

Dear Ms York

Transmission Access Reform – Interim Report

Powering Australian Renewables (PowAR) welcomes the opportunity to comment on the Australian Energy Market Commission's (AEMC's) Interim Report in relation to its transmission access reform proposal. We have followed the development of the proposal with strong interest, both directly and through engagement with industry bodies including the Clean Energy Council (CEC) through workshops on the proposal.

PowAR was established in 2016 by AGL, QIC and the Future Fund to sponsor investment in large-scale renewable projects in Australia. Our rapid growth has established PowAR as the largest owner of wind and solar PV in the NEM¹, with the intent to remain a leading investor and owner of clean energy assets in Australia. Proudly Australian, PowAR wholly-owns assets with a combined capacity of 807MW:

- the 102MW Solar Farm at Nyngan in NSW, which commenced operation in June 2015
- the 53MW Solar Farm at Broken Hill in NSW, which commenced operation in October 2015
- the 200MW Wind Farm Project at Silverton in NSW, which commenced full operations earlier in 2020
- the 453MW Wind Farm Project at Coopers Gap in Queensland which is being commissioned

PowAR does not support the transmission access reform proposal and strongly suggests that the work to further develop and implement the proposal should be discontinued to free up AEMC and industry resources for other more pressing issues. We recognise the significant effort by the AEMC and industry to develop this proposal to date. However, we feel that the proposal is simply the wrong model at the wrong time and should be considered further in the context of the Energy Security Board's Post 2025 Market Design work.

At a high level, we provide the following comments with regards to the Interim Report.

- The proposed model does not solve the priority need for increased transmission capacity.
- Projecting locational marginal prices and financial transmission right requirements will be extremely difficult for generators, leading to increased uncertainty and as a result risk premium associated with new investments.
- The uncertainty, complexity and cost associated with the proposal will increase the cost of capital for projects, which will ultimately flow through as higher costs to consumers.

At a time when clear signals are required for new investment in generation is critical, this reform would have a detrimental impact on new investment.

Actioning the Integrated System Plan and the development of renewable energy zones will assist to address congestion and provide locational signals for new generators. An assessment of the need for access reform should be assessed when it is clear what residual issues may persist, once these coordinated initiatives are implemented.

PowAR has provided input to the development of the Clean Energy Council's submission. As such, the CEC's submission represents our views, and we provide our full support to the position taken by the CEC.

If you have any questions regarding this submission or wish to discuss our position in more detail, please do not hesitate to contact me.

Yours sincerely,



Geoff Dutailis
CEO

¹ Rystad Energy, 2020 year to date.