



Government of
South Australia

RenewablesSA

Green Grid Forum

12 November 2010

Mr John Pierce
Australian Energy Market Commission
Level 5, 201 Elizabeth Street
Sydney NSW 2000

Dear Mr Pierce

The Green Grid Forum is pleased to contribute to the Australian Energy Market Commission's (AEMC) consultation into the adoption of the Scale Efficient Network Extension (SENE) mechanism.

About the Green Grid Forum

The Green Grid is a major development initiated by the South Australian Government aimed at unlocking renewable energy investment in the State. An earlier study¹, prepared by a consortium of Macquarie Capital, WorleyParsons and Baker & McKenzie, has established a viable business case for investment in transmission and generation to unlock large scale renewable energy generation in the Eyre Peninsula region of South Australia. This study was informed by consultation with prospective wind energy developers in the area - Origin Energy, Pacific Hydro, Transfield Services and Acciona Energy – who in conjunction with RenewablesSA have formed the Green Grid Forum to further the concept.

The SENE

Consultation with prospective investors in the Eyre Peninsula has revealed that the Green Grid is unlikely to be viable under the current market framework as it does not effectively allow investors with varying project timelines to coordinate to build efficiently sized transmission infrastructure. A well designed SENE will address this issue.

¹ A copy of the Green Grid Study can be found at: <http://www.renewablesa.sa.gov.au/>

For this reason we are strongly supportive of the SENE and have commissioned Macquarie to undertake further work. Specifically this will involve a review of the 5 Options presented in the SENE Options Paper and commentary on the extent to which each is likely to facilitate the efficient connection of remote generation, using the Eyre Peninsula Green Grid as a practical example.

The above work should greatly assist in informing the debate on the SENE and better enable the AEMC in developing an appropriate SENE design. Unfortunately the study will not be ready until mid December at which time we hope to make a supplementary submission to this consultation process. The consortium realises that this will be well past the official close of submissions but respectfully requests that the AEMC nevertheless give this work due consideration in its deliberations.

If you wish to discuss this letter or any issues surrounding the Green Grid proposal, please do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Tim O'Loughlin', written in a cursive style.

Tim O'Loughlin

Commissioner for Renewable Energy

For and on behalf of the Green Grid Forum.