



Last resort planning power: 2014 review

The Australian Energy Market Commission has decided not to exercise the last resort planning power in 2014. It is satisfied that inter-regional transmission constraints are being addressed by planning bodies.

Last resort planning power – 2014 analysis

The last resort planning power is an oversight mechanism, conferred on the Australian Energy Market Commission (AEMC). The purpose is to ensure that sufficient investment occurs in those parts of the transmission network related to the flow of electricity between regions in the National Electricity Market (NEM).

In order to decide whether to exercise the last resort planning power in 2014, the AEMC reviewed the 2012 and 2013 National Transmission Network Development Plans published by the Australian Energy Market Operator (AEMO) in its role as the National Transmission Planner. The AEMC has also reviewed the 2014 annual planning reports published by the jurisdictional planning bodies for each NEM region.

The 2013 national transmission network development plan identified a number of changes in the market environment compared with the previous year, including, declining energy demand and uncertainty around carbon pricing. These changes have reduced the requirement for investment in transmission infrastructure over the 25 year outlook period.

The upgrade of the Heywood interconnector between Victoria and South Australia is the only committed inter-regional transmission priority project identified in the 2013 transmission network development plan. Construction of this upgrade is due to be completed by 2016.

For other inter-regional transmission network, the jurisdictional planning bodies continue to monitor and, where necessary, address any constraints identified within their networks.

From this analysis, the AEMC is satisfied that jurisdictional planning bodies are appropriately including inter-regional transmission priorities in their planning activities. The AEMC has decided not to exercise the last resort planning power in 2014.

Transmission planning and the last resort planning power

Transmission planning is undertaken by AEMO and jurisdictional planning bodies to identify and alleviate network constraints when economically efficient. Each year AEMO identifies priorities, including inter-regional priorities, for development of the transmission network in the transmission network development plan. Jurisdictional planning bodies are expected to have regard to these identified network development priorities when undertaking planning activities for their regions.

Under the last resort planning power, if the AEMC considers inter-regional transmission network priorities are not being sufficiently addressed in the planning activities of the jurisdictional planning bodies, it has the power to direct a participant to undertake a regulatory investment test for transmission in relation to a particular part of the network.

Being a last resort measure, the last resort planning power is designed to be only utilised where there is clear indication that regular planning processes have resulted in a planning gap regarding inter-regional transmission infrastructure.

In the four years that the AEMC has conducted this review and has not exercised the last resort planning power.

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Date: 6 November 2014.