

19 October 2020

Ms Merryn York
Acting Chair
Australian Energy Market Commission

Lodged online: www.aemc.gov.au

Dear Ms York,

Coordination of Generation and Transmission Investment (COGATI) – INTERIM REPORT

Founded in 1992, **Pacific Hydro** Australia is a leading owner, operator and developer of renewable energy assets. It operates a high quality, diversified portfolio of wind, hydro and solar assets with an installed capacity of 665 MW; it also has a development pipeline of substantial projects totalling over 1100 MW of potential capacity, as well as over 300 MW of energy storage solutions. It also has a growing electricity retail business, Tango Energy, with over 94,000 customers.

With a strong reputation for engaging and collaborating with the communities where it operates, Pacific Hydro has a track record of delivering lasting, sustainable benefits. Its operating assets currently abate over one million tonnes of greenhouse gas pollution every year.

Pacific Hydro 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 in the Clean Energy Council's (CEC's) workshops on the proposal.

Pacific Hydro does not support the COGATI reform proposal and strongly suggests that any work on transmission access reform should be discontinued at this time or performed in conjunction with the Post 2025 electricity market design project. This will enable AEMC and industry resources to focus on other more immediate initiatives currently planned to improve the coordination of Generation and Transmission. We recognise the significant effort to develop this proposal to date. However, similar to the CEC's submission, we feel that the proposal is simply the wrong model at the wrong time.

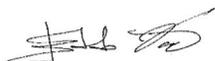
At a high level, we provide the following comments in support of our position.

- The proposed model does not solve the pressing need for increased transmission capacity and a stronger network.
- Projecting financial transmission right pricing and availability will be extremely difficult for projects in early stage development, leading to increased uncertainty and cost for new investments.
- The uncertainty, complexity and cost associated with the proposal will increase the cost of capital for projects, which will ultimately result in higher consumer costs.
- At a time when new investment in generation is critical, this reform would have a chilling effect on new investment. Uncertainty and volatility introduced by the proposed regime will be very detrimental to the financial viability of new and existing energy generation projects.
- Actioning the Integrated System Plan and the development of Renewable Energy Zones (REZs) will better assist to address congestion and provide locational signals for new generators. An assessment of the need for access reform should wait until it is clear what residual issues may persist once these processes have matured.

Pacific Hydro has provided input to the development of the CEC's submission. As such, the CEC's submission broadly 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 Ed Viel, on eviel@pacifichydro.com.au or on 0408 884426.

Yours sincerely,



Ed Viel
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Pacific Hydro Pty Ltd