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Australian Energy Market Operator
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To the Australian Energy Market Operator

Victoria to New South Wales Interconnector Upgrade: RIT-T PSCR

Meridian Energy Australia Pty Ltd and Powershop Australia Pty Ltd (**MEA Group**) thank the Australian Energy Market Operator (**AEMO**) for the opportunity to provide comments on the Victoria to New South Wales Interconnector Upgrade: Regulatory Investment Test for Transmission Project Specification Consultation Report (**RIT-T PSCR**).

The MEA Group is the owner and operator of the Mt Mercer and Mt Millar Wind Farms as well as the Hume, Burrinjuck and Keepit hydroelectric power stations. The MEA Group also owns and operates Powershop Australia, an innovative retailer committed to providing lower prices for customers which recognizes the benefits for customers of a transition to a more renewable based and distributed energy system.

The voltage issue identified during the development of AEMO's 2018 Integrated System Plan (**ISP**) clearly highlights the rapidly changing nature of the Victorian electricity system and reinforces the requirement for better interconnection between regions within the NEM as well as non-network solutions that provide stability and support to the network.

An additional market benefit that MEA Group would expect to be considered as part of this RIT-T process is the avoided cost of replacement of ageing assets such as conductors and transformers. Whilst the RIT-T is aimed at addressing transfer limitations, the result across a number of the options will be to address ageing assets such as the 500/330kV South Morang transformer and 330kV conductors between South Morang and Dederang.

MEA Group agrees that the ISP modelling is the correct basis for assessing either network or non-network options. Without reviewing the detailed modelling and resulting market benefits for each of the credible network options, it is difficult to identify a preferred option. Option 3 (with a new greenfield 500kV transmission line) would appear to be attractive from the perspective of providing additional transmission capacity, allowing the likely connection of more renewables over the coming decade as thermal stations continue to reach the end of their useful life. However, the market benefits would need to be clearly articulated and supported with robust and transparent modelling.

Should you require any further information on this response, please do not hesitate to contact me.

Yours sincerely,

Angus Holcombe
Head of Asset Development
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