

22 December 2023

Department for Energy and Mining  
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**Re: Electricity (General) Regulations 2012 Amendments**

ElectraNet appreciates the opportunity to comment on the amendments to the Electricity (General) Regulations being proposed to introduce a state-based electricity planning and forecasting function.

The formation of this planning and forecasting function for the purpose of informing policy decisions and evaluating AEMO's ISP projects is welcomed by ElectraNet and the industry. This was confirmed at a recent Roundtable held by ElectraNet with key energy industry leaders on 27 November 2023.

The proposed planning function recognises that South Australia is on the verge of unprecedented economic growth across the renewable energy, mining and industrial sectors, supported by the Government's economic priority to become a global green energy leader. This requires coordinated planning across the energy sector and timely and efficient development of transmission to meet the State's future energy needs.

ElectraNet looks forward to engaging with the new planning function in our capacity as the South Australian Jurisdictional Planning Body under the National Electricity Rules and offers the following input and suggestions on specific aspects of the proposed Regulations to ensure these operate effectively in practice.

**Objective**

The objective of the planning and forecasting activities in the draft Regulations is defined relatively narrowly in terms of the 'least cost pathway for the development of the South Australian power system'.

However, the Consultation Paper defines this objective more broadly:

The South Australian Electricity Development Plan will facilitate the least cost pathway for electricity supply capacity to meet demand reliably and securely while also meeting South Australia's carbon emissions targets.

Balancing these factors effectively will be an important element of a plan that serves the long-term interests of South Australians and ultimately supports a least cost path to net zero for the State.

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It is therefore suggested that the objective of the planning and forecasting function in the Regulations be expressed in these broader terms to ensure it delivers on this intent.

Alternatively, the objective should be defined in terms of the long-term interests of South Australians to ensure that this broader range of factors is considered.

### **Consultation**

Effective consultation with stakeholders will be an important element of a robust and inclusive planning and forecasting function. This includes consultation with industry and broader stakeholders to provide input to, and scrutiny of, its plans and forecasts.

However, the draft Regulations contain no obligation for consultation to occur in performing the planning and forecasting activities, in either providing advice on the development of the power system or in preparing the South Australian Electricity Development Plan.

It is recommended that suitable consultation requirements be considered to support stakeholder engagement and confidence in the planning and forecasting function.

### **Planning Engagement**

The Consultation Paper notes that AEMO bases its planning and forecasting on the risks and costs of meeting needs across the National Electricity Market and not South Australia specifically. Under this framework, AEMO determines its assumptions and scenarios in accordance with the National Electricity Rules and associated guidelines and its advice is not specific to South Australia.

Consequently, ElectraNet notes that the latest Draft ISP issued on 15 December 2023 significantly underestimates the amount of large industrial load that will be connecting to the network in South Australia, while adopting ambitious timeframes for renewable energy projects in other states.

As a result, future ISP projects needed to manage South Australia's network and unlock renewable energy growth to meet our future needs, namely the Mid North Southern and Northern expansions, have been deferred or removed from the Draft ISP.

ElectraNet therefore supports the development of a state-based Electricity Development Plan that will put South Australia's interests at the forefront of its considerations, including a forward-looking demand outlook and a more balanced assessment of interstate policies.

It will be essential for close engagement with ElectraNet to occur for an effective plan to be developed. This should include engaging with ElectraNet on the report to be provided to the Minister on a confidential basis. It is recommended that this be reflected in the Regulations.

### **AEMO Advisory Functions**

At present, AEMO is required to provide a range of specific reports and information to the South Australian Government under additional advisory functions it performs for South Australia under the National Electricity Law.

While the Consultation Paper is silent on whether these services will continue, it is unclear that the full range of functions will still be required with the new planning and forecasting function in place.

Both the existing AEMO advisory functions and the proposed new planning and forecasting function are to be funded from industry licence fees that are ultimately paid for by consumers. It is therefore important to avoid any duplication or overlap between these services. Ideally the new services would largely be offset by a reduction in AEMO advisory functions to limit the net cost impact for consumers.

It is therefore recommended that the range of additional advisory functions required of AEMO be reconsidered.

### **Generation Development**

The work commissioned by the National Energy Crisis Committee of Cabinet has asserted that *“South Australia needs to be certain that the State will have sufficient reliable capacity and energy to meet the demand for consumers under all circumstances”*.

The objective of the South Australian Government’s recent Hydrogen and Renewable Energy legislation is to streamline regulatory approval processes and allow for orderly and timely development of hydrogen and renewable energy resources in the State.

Timely and efficient connection of renewable generation and storage to the transmission network is more important than ever to ensure adequate supply while delivering South Australia’s transition to 100 per cent net renewables on an annual basis by 2030 and net zero carbon emissions by 2050.

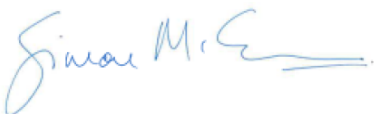
With this in mind ElectraNet is concerned that ongoing uncertainty regarding matters such as transmission ring fencing pose a risk of delays and increased costs in connecting parties to the transmission network which would undermine the Government’s objectives.

Similarly to the need for South Australian planning and forecasting, the South Australian Government should consider whether the broader national reform agenda is in the best interests of South Australians or whether it may frustrate the timely development of renewable energy resources in South Australia.

ElectraNet welcomes the opportunity to discuss any of these matters further and looks forward to the implementation of the planning and forecasting function.

Please direct any queries on this submission to Chris Hanna on [Hanna.Chris@ElectraNet.com.au](mailto:Hanna.Chris@ElectraNet.com.au) or 0478 181 955.

Yours sincerely



Simon Emms

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