

On 7 November 2016, ElectraNet commenced application of the South Australian Energy Transformation (SAET) Regulatory Investment Test for Transmission (RIT-T) process.

The investment options being considered as part of the RIT-T include additional interconnection between South Australia and other jurisdictions in the National Electricity Market (the NEM), as well as non-network alternatives.

ElectraNet has identified three main drivers of the SAET RIT-T, namely:

1. Facilitating greater competition between generators in different regions, leading to lower dispatch costs and consequently lower wholesale prices, particularly in South Australia.
2. Providing appropriate security of electricity supply, including management of inertia, frequency of response and system strength.
3. Facilitating the transition to lower carbon emissions and the adoption of new technologies.

These three drivers form the basis for the benefits to be estimated in the assessment of options in the RIT-T process.

The SAET RIT-T occurs at a time of great uncertainty with regard to the future development of the NEM. The transition towards lower carbon emissions, rapidly evolving technologies and changing customer needs mean that policy decisions and technological innovation have an increased role in driving market outcomes in the long term. The result of the increased influence of these inherently less predictable factors is that a wide range of future market outcomes are possible over the lifetime of the proposed investments.

The purpose of this Market Modelling Approach and Assumptions Report is to set out how ElectraNet intends to address the inherent uncertainty in relation to future market development as part of the RIT-T quantitative modelling, and to provide stakeholders with an opportunity to comment on this and other elements of the proposed approach.

ElectraNet is seeking specific feedback on the proposed approach and key assumptions for quantification of the benefits of options in this RIT-T, including:

- In general, how well do you think this Market Modelling Approach and Assumptions Report explains the way that ElectraNet will begin assessing the options outlined in the South Australian Energy Transformation Project Specification Consultation Report and those put forward during consultation processes?
- What do you think of ElectraNet's proposed phased approach to assessing options? To what extent do you think this approach is appropriate for this situation?
- To what extent do you agree with ElectraNet's assessment of the key variables expected to drive net benefits? Are there other factors that you think should be taken into account?
- What do you think about ElectraNet's proposed tools and approaches for estimating market benefits? Are there any other considerations that you think should be included?
- To what extent do you agree with the key components identified in ElectraNet's wholesale market modelling approach? Are there other factors you think need to be addressed?
- Would you like to provide any other feedback about the Market Modelling Approach and Assumptions Report?

Consulting on the modelling approach is not a requirement of the RIT-T process, but ElectraNet believes it is an important additional way for stakeholders to have a voice in this important conversation.

ElectraNet encourages all stakeholders to review both the PSCR and Market Modelling Approach and Assumptions Report, and share their thoughts and ideas with us.

Feedback on both the PSCR and Market Modelling Approach and Assumptions Report is sought on or before 6 February 2017 and will be summarised in the Project Assessment Draft Report which will be published by June 2017.

Feedback can be provided at electranet.com.au or by emailing consultation@electranet.com.au.