

26 June 2020

Mr. Mark Feather
General Manager, Policy & Performance
Australian Energy Regulator
MELBOURNE VIC 3001

By email: ISPguidelines@aer.gov.au

Re: Guidelines to make the integrated system plan actionable – Draft Guideline

Spark Infrastructure has interests in some \$18 billion of electricity network assets, delivering energy to more than 5 million customers across the National Electricity Market (**NEM**) including a 15% interest in TransGrid, the electricity transmission network in NSW. TransGrid is expected to be a partner in delivering more than \$3 billion in ISP projects in NSW by the mid-2020s.

We welcome the streamlined regulatory processes established through the Integrated System Plan (**ISP**) rules that are due to commence on 1 July 2020 and the supporting guidelines being developed by the AER. These reforms will support timely and efficient investment in the long-term interests of consumers.

Many of the challenges faced by transmission network service providers (**TNSPs**) in progressing interconnector projects through regulatory processes will now hopefully be addressed, including for example, adopting common input parameters and assumptions, and removing duplicative regulatory processes. Additional clarity should also be provided by confirming that net benefits can be assessed over the full economic life of projects and calculated by adopting the low discount rate applying to regulated TNSPs. This will provide a more faithful representation of the benefits to customers of investing in regulated interconnectors.

However, there is still the potential for the disconnect between the net economic benefits arising from various development paths and the cost impact on customers to remain. For example, a development path that has the highest economic benefit may not always result in the lowest prices to customers. To help stakeholders and customers to understand the differences and impacts, we recommend that AEMO, in its ISP analysis, also be required to present the expected savings to electricity customers for each development path, and where possible, for each Actionable ISP project. This will enable any expected changes in transmission charges due to additional investment to be compared against the total expected changes in a customer's bill. Providing this information is consistent with the priorities of Federal and State Governments to reduce the overall cost of energy for end-consumers.

The Actionable ISP rules and guidelines continue to exclude broader economy wide benefits and desirable lower emission outcomes from consideration in energy infrastructure investment. We support embedding the value of energy infrastructure investment to our economy, society and future sustainability in decision making processes.

I would be happy to discuss these matters further and can be contacted on 0421057821.

Yours sincerely,

A handwritten signature in blue ink that reads "Sally McMahon".

Sally McMahon
Head of Economic Regulation and Energy Policy
Spark Infrastructure