


15 February 2019

Att: Cara O'Shannassy

Manager, Licensing and Standards
Essential Services Commission
Suite 37, 2 Lonsdale Street
Melbourne VIC 3000



Dear Sirs/Madams

AusNet Transmission Group Pty Ltd
Application to amend Electricity Transmission Licence

AusNet Services' is applying to have its electricity transmission licence (**Transmission Licence**) amended to permit AusNet Services to provide transmission services using the 33kV transmission assets that interface with the Bulgana Windfarm (**33kV Transmission Assets**), as depicted in Attachment 1.

The Transmission Licence permits, among other things, AusNet to transmit and supply electricity using its electricity transmission system (**AusNet Services Transmission System**).

The works and services that AusNet Services has agreed to provide the Bulgana Wind Farm Pty Ltd include the design, construction and use of the 33kV Transmission Assets (as depicted in Attachment 1) to transfer and control electricity within certain functional standards.

AusNet Services request that the Essential Services Commission (**ESC**) agree to amending the Transmission Licence on the basis, in the manner and for reasons, set out further below.

Basis for variation of Electricity Licence

Clause 19 of the Transmission Licence provides that the Transmission Licence may be, among other ways, varied in accordance with section 29 of the EIA. In turn, section 29(1) of the EIA provides that the Transmission Licence or its conditions may be varied by agreement between the ESC and AusNet Services.

It follows that for the purposes of including the provision of transmission services utilising the 33kV Transmission Assets in the activities authorised under the Transmission Licence, AusNet Services seeks the agreement of the ESC to vary the Transmission Licence as set out below.

Variations sought

AusNet Services request that its Transmission Licence be varied by agreement with ESC to make it clear that the AusNet Services Transmission System includes the 33kV Transmission Assets.

Issue addressed by the requested Transmission Licence variations

The 33kV Transmission Assets are not contiguous with the other network connection assets that AusNet Services is building for the Bulgana Wind Farm, namely the 220kV/33kV transformers and certain other 33kV aspects of the 33kV (Collector) substation.

Consequently, without specific clarity through a Transmission Licence amendment, there is uncertainty around whether the 33kV Transmission Assets form part of the AusNet Services Transmission System and, therefore, whether AusNet Services is able to use them to transmit or supply electricity.

Why are the services to be provided utilising the 33kV Transmission Assets a transmission service?

AusNet Services believes that the service it will be providing to Bulgana Windfarm utilising the 33kV Transmission Assets, being primarily the capability to transfer and control electricity within certain functional standards, is a transmission connection service.

First, and foremost, this service is a “transfer of electricity in bulk” and, as such, comes within the definition of “transmit” within the Transmission Licence and other electricity transmission licences granted by the ESC. A key characteristic of this electricity transfer being “bulk” is that the electricity is not supplied or distributed to any load customers. Rather, the transfer is between one part of generating system that forms part of the Bulgana Wind Farm to another.

Once the electricity reaches the end of the Bulgana Wind Farm that connected to the existing AusNet Transmission System, Bulgana Wind Farm will either export the electricity into the existing AusNet Transmission System through the other connection and network assets of AusNet Services (i.e. not the 33kV Transmission Assets), store electricity in the battery or supply electricity to Nectar Farms.

A distribution service customarily involves supply of electricity to load customers. While there are increasingly more grid scale embedded generators connecting into to distribution networks, the other end of such a network, by in large, connects to, and its purpose is to supply, load customers. By contrast, the 33kV Transmission Assets only serve the Bulgana Wind Farm. There will be no load (other than self-supplied) on the 33kV Transmission Assets.

While it did not make amendments that apply in Victoria (due the role of AEMO), the final determination for the National Electricity Amendment (Transmission Connection and Planning Arrangements) Rule 2017 (**New Rule**) includes commentary of what is, generally, accepted throughout the National Electricity Market (**NEM**) as a requisite attribute of a distribution system, being:

“.....it conveys electricity to customers - that is, at least one load that is owned, operated or controlled by a party other than the person who owns, operates or controls the dedicated connection asset is connected to the dedicated connection asset (i.e. the dedicated connection asset has a non-self supplied load connected to it).”¹

Applying those accepted concepts, like the 220kv/33kV transformers and 33kV aspects of the (Collector) Substation owned, controlled and operated by AusNet Services, the 33kV Transmission Assets are in the nature of a “dedicated connection asset” (as defined in the National Electricity Rules (**NER**), rather than a distribution system.

¹ Page 263 of the AEMC's Final Rule Determination: National Electricity Amendment (Transmission Connection and Planning Arrangements) Rule 2017, dated 23 May 2017.

In addition, the fact that the 33kV Transmission Assets are at 33kV does not prevent them from forming part of an electricity transmission system or an associated service being a transmission of electricity. In Victoria there are many examples of 22kV transmission connection assets that are owned and operated by AusNet Services under the Transmission Licence. These include 220kV/22kV and 66kV/22kV transformers, 22kV buses and circuit breakers and feeders. These include the Ballarat, Richmond, West Melbourne, Morwell, Ringwood, Brooklyn and Bendigo terminal stations.

Moreover, electricity transmission licences issued by ESC, including the Transmission Licence do not mandate that a transmission system must only comprise of equipment at nominal voltages of 66kV. Rather, the relevant definitions consistently refer only to such systems “generally” being at such nominal voltages or above. Consequently, the Transmission Licence does not prohibit the 33kV Transmission Assets from being part of the AusNet Services Transmission System.

Last, drawing a further analogy with the New Rule, the nominal voltage at which an asset operates is not determinative as to whether an asset is a “dedicated connection asset” in forming part of a transmission system (rather than comprising a distribution system). The definitions of “Transmission System” and “Dedicated Connection Asset” in the NER following the implementation of the New Rule, both include an express note to the effect that a dedicated connection asset of a Primary Transmission Network Service Provider will form part of that Primary Transmission Network Service Provider’s broader transmission system even if that asset is operating at a distribution voltage.²

Similarly, the nominal operating voltage of the 33kV Transmission Assets should not be considered determinative as to whether those assets should be treated as connection assets forming part of AusNet Services’ broader transmission system.

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I look forward to hearing from you. Please don’t hesitate to call or email if you have any questions or require any further information.

Yours faithfully



Evan Holland
Lead Counsel – Commercial Energy Services
AusNet Services

² Pages 1314, 1315 and 1414 of Chapter 10 (Glossary) of the National Electricity Rules, Version 119.

Attachment 1

Physical Arrangement

Ownership and operation

Bulgana – generating system

AusNet Transmission

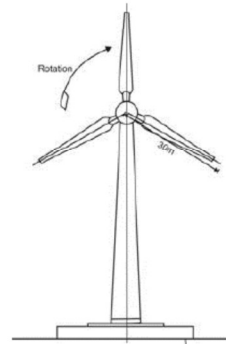
Bulgana – generating system

AusNet Transmission

Built, owned and operated by AusNet Transmission under a Connection Services Agreement with Bulgana.

Collector Substation

New Terminal Station at Bulgana Site, comprising terminal station (shared network augmentation and connection assets, including transformer)

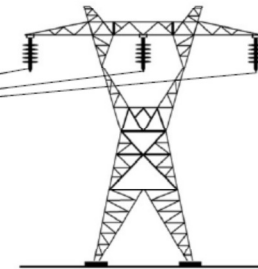
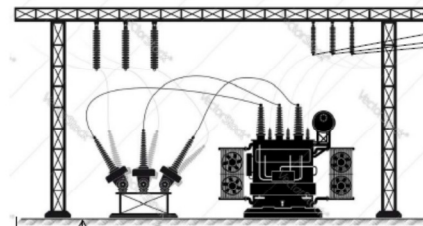
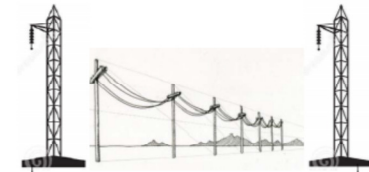


Interface Point (A)

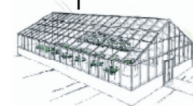
Interface Point (B)

Interface Point (C)

Connection Point



Supply Point – Nectar Farms



Assets

56 x wind generators
33kV underground cables

- Underground to overhead transition poles
- 33kV Overhead lines
(together, "33kV transmission assets")

- 33kV (Collector) Sub-station /Terminal Station
- 33kV underground cables
- 33kV Circuit Breakers
- 20MW/34MWh Battery

- existing 220kV Transmission network
- Interface and connection assets
- 2 x 220/33kV Transformers
- 220kV Circuit Breakers
- 220kV Busbar
("33kV/220kV connection assets")
"Terminal Station"

Nectar Farms

- 33kV underground cable
- 33kV circuit breaker