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Energy Security Board  
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### Converting the Integrated System Plan into Action– Meridian and Powershop response to the draft consultation paper

Meridian Energy Australia Pty Ltd and Powershop Australia Pty Ltd (MEA Group or Powershop) thank the Energy Security Board (ESB) for the opportunity to provide comments on the Converting the Integrated System Plan (ISP) Into Action Consultation Paper (the Paper).

The MEA Group is a vertically integrated generator and retailer focused entirely on renewable generation. We opened our portfolio of generation assets with the Mt Millar Wind Farm in South Australia and the Mt Mercer Wind Farm in Victoria. In early 2018, MEA Group acquired the Hume, Burrinjuck and Keepit hydroelectric power stations, further expanding our modes of generation. We have supplemented our asset portfolio by entering into a number of power purchase agreements with other renewable generators, and through this investment in new generation we have continued to support Australia's transition to renewable energy.

Powershop is an innovative retailer committed to providing lower prices for customers and which recognises the benefits to customers in transitioning to a more distributed and renewable-based energy system. Over the last five years, Powershop has introduced a number of significant, innovative and customer-centric initiatives into the Victorian market, including the first mobile app that allows customers to monitor their usage, a peer-to-peer solar trading trial and a successful customer-led demand response program. Powershop has also been active in supporting community energy initiatives, including providing operational and market services for the community-owned Hepburn Wind Farm, supporting the Warburton hydro project, and funding a large range of community and social enterprise energy projects through our Your Community Energy program.

Our responses to the Paper's questions are set out below.

- Whether the timing deadlines associated with the ISP process should be specified in the Rules

MEA Group supports a "no later than" approach for the development and submission of the ISP every two years. This approach allows AEMO to bring forward the development of the ISP in order to support the progression of a Transmission Network Service Provider (TNSP) Regulatory Investment Test –Transmission (RIT-T) process or any other related and interdependent processes.

The ESB could consider developing a set of parameters or deemed events that provide triggers for AEMO to update its ISP. The ESB could also consider allowing TNSPs to direct AEMO to undertake an update to the ISP if it was deemed that the current set of assumptions in the existing ISP were manifestly incorrect and required updating before the TNSP's RIT-T are prepared and submitted for stakeholder review.

- The governance framework that applies to the ISP

In its development of the ISP, MEA Group believes AEMO should continue to apply the Rules, the RIT-T and the RIT-T Application Guidelines where possible to ensure the outcomes are consistent with the investment decisions made by the TNSPs. MEA Group supports the development of a cost-benefit analysis framework, regulated by the AER to ensure the NEM wide benefits can be captured as part of the ISP and RIT-T process.

- Whether the draft guidelines in Box 1 (for Cost Benefit) and Box 2 (for Forecasting) are reasonable and adequate

MEA Group does not believe it is in the interests of all stakeholders to require AEMO to prepare additional subordinate documents nor that the ISP methodology should be published in conjunction with the ISP as part of the ISP database, which is the current process.

MEA Group would also expect to see as part of the consultation process AEMO has adopted in its development of the methodology in accordance with the Forecasting Best Practice Guidelines, significant stakeholder engagement that allows for a rigorous assessment and review of each project's underlying economic assumptions. For example, assumptions associated with certain generation project(s) or group of projects coming online (including their timing) should all be subject to stakeholder engagement and a formal consultation process.

- Whether further subordinate guidelines are required and if so what

As discussed above MEA Group does not believe further subordinate documents are necessary or in the interests of all stakeholders.

- Whether the contingent project mechanism should be amended to provide more time for the AER to undertake its assessment.

MEA Group does not believe this amendment is necessary. On balance, we would expect the AER to be well apprised of any contingent project applications presented before them and provided with sufficient time under the current mechanism to make a determination.

- The dispute resolution framework

MEA Group supports the proposed dispute resolution framework set out by the ESB which requires a stakeholder to first raise the dispute with AEMO and in the event the dispute cannot be settled internally, escalate it to the AER. We believe it is important that for any dispute to be escalated to the AER, it should meet a minimum threshold before being deemed acceptable for escalation.

- The safety net mechanism

We do not envisage any requirement to change the provisions associated with the Last Resort Planner (LRP) mechanism.

- Any other matter relating to how to make the ISP an actionable strategic plan.

MEA Group suggests the establishment of a panel (similar to the Reliability Panel) that contains no more than ten members, representing as many varied stakeholder groups as possible. The panel would act as a reference group that reviews the ISP at each step of the consultation process, to ensure industry stakeholder views are incorporated into the development of the ISP. Such a panel would increase industry confidence in the ISP and its implementation.

MEA remains generally supportive of incorporating the ISP into the NEL and NER. However for the ISP to be a reliable and enduring tool that all stakeholders can trust and rely upon, it is extremely important that the inputs, assumptions and methodologies for development of the ISP remain transparent and open to scrutiny. Those tasked with its development should also remain receptive to those stakeholders who engage in and challenge the development of the ISP.

If you have any queries or would like to discuss any aspect of this submission please do not hesitate to contact me.

Yours sincerely,



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