

Victoria to New South Wales Interconnector West (VNI West)

Regulatory Investment Test for Transmission (RIT-T)

Progress Update December 2021

Background

AEMO and Transgrid are progressing a joint RIT-T under the Actionable Integrated System Plan (ISP) framework to assess the technical and economic viability of expanding transmission interconnector capacity between Victoria and New South Wales.

Targeted interconnector expansion between these regions would help to address transmission network limitations, and improve supply reliability as ageing coal-fired plants retire and access to competitively priced electricity from renewable generators and energy storage becomes critical.

The *Victoria to New South Wales Interconnector West RIT-T Project Consultation Specification Report* (PSCR) was published in December 2019. The PSCR details the identified project need and proposes a range of options to address this need, to realise net market benefits in the long-term interest of energy consumers by:

- Efficiently maintaining supply reliability in Victoria following the closure of further coal-fired generation and the decline in ageing generator reliability – including mitigation of the risk that existing plant closes earlier than expected;
- Facilitating efficient development and dispatch of generation in areas with high quality renewable resources in Victoria and southern New South Wales through improved network capacity and access to demand centres; and,
- Enabling more efficient sharing of resources between National Electricity Market (NEM) regions.

Submissions to the PSCR closed 13 March 2020.

The 2020 ISP published in July last year identified VNI West as an Actionable ISP Project with decision rules, and confirmed the above identified need.

In March 2021, the Australian Energy Regulator (AER) granted an extension to the publication date of the *VNI West RIT-T Project Assessment Draft Report* (PADR), with a revised date for publication in December 2021.

December 2021 update

In December 2021, the AER granted a further extension to the PADR publication date from 10 December 2021 to 31 August 2022.

The extended timeframe will enable Transgrid and AEMO to update market modelling to reflect:

- Transgrid's commitment to the 'Project Energy Connect enhanced' 500 kV investment between Dinawan and Wagga in New South Wales, which is supported by the Federal Government;
- Key industry changes such as the earlier closure of Energy Australia's Yallourn Power Station in Victoria;
- Energy Australia's announced Jeeralang Battery in Victoria;
- The New South Wales Government's Electricity Infrastructure Roadmap; and,
- AEMO's 2021 *Inputs, Assumptions and Scenarios Report* (IASR), including any updates to the likelihood of each scenario.

Also in December, AEMO published an Update to the 2020 ISP and the Draft 2022 ISP, [available here](#).

The Draft 2022 ISP optimal development path identifies VNI West (via Kerang) as an Actionable ISP project with staging and decision rules, and the Update to the 2020 ISP requires that the VNI West RIT-T use the ISP scenarios and scenario weightings set out in the Draft 2022 ISP.

This means that under the Actionable ISP framework, the VNI West RIT-T assessment will focus on the VNI West via Kerang ISP candidate option identified in the Draft 2022 ISP, along with credible non-network options. The VNI West PADR will be published for consultation by the end of August 2022.

Accordingly, Transgrid and AEMO will:

- jointly continue the RIT-T process for VNI West, and

- publish a PADR with a proposed preferred option as soon as practicable, and by the end of August 2022 at the latest.

For information on the staging and decision rules for VNI West see Section 5.3 of the Draft 2022 ISP.

The extended PADR publication date will also allow the alignment of VNI West with the latest ISP optimal development path.

There will be a dedicated round of VNI West RIT-T consultation when the PADR is published.

As well as the VNI West RIT-T consultation process, stakeholders have an opportunity to provide feedback on the Draft 2022 ISP. To receive notifications on upcoming ISP engagement activities, please subscribe to [AEMO's ISP mailing list](#).

Contact us

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