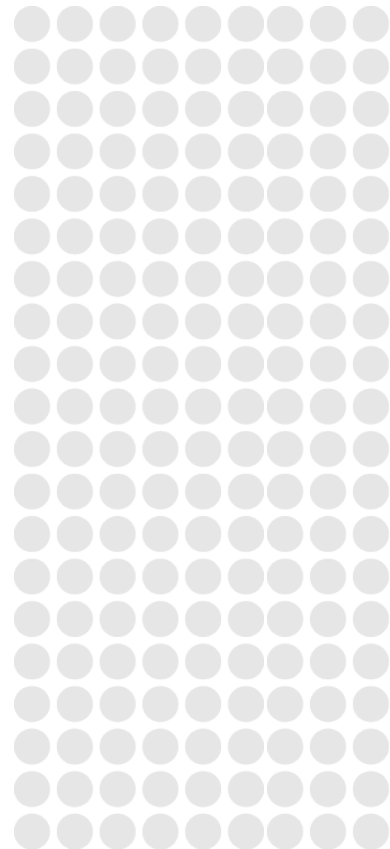


# Murraylink

## 2023-28 Transmission Determination Proposal - engagement plan

Updated September 2021





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## Message

EI proudly owns the Murraylink Transmission Interconnector (Murraylink) which plays an important role in reducing the cost of electricity to consumers in South Australia and Victoria.

APA operates the Murraylink and is responsible for preparing the Transmission Determination Proposal that will be submitted to the Australian Energy Regulator.

APA's Purpose is to strengthen communities through responsible energy. This means doing the right thing, even in tough situations; creating value for all our stakeholders; taking a long-term view and being here for our future generations.

By consulting widely with parties impacted by Murraylink, APA will be able to prepare Transmission Determination for 2023 through 2028 that truly does strengthen communities through responsible energy.

In January 2022, we will submit our proposed five-year plans for Murraylink to the regulator. Beforehand, we want to know what you, or the individuals and businesses you represent, have to say about our plans.

To that end, we have established the Murraylink Stakeholder Engagement Group to provide community perspectives about our preliminary thinking. You will find the details of this Group, when and where it will be meeting and how you can participate in the following pages of this report.

This is an exciting and important initiative for EI and APA and we are looking forward to engaging with you.



# 1 Introduction

Here we provide an introduction to what is Murraylink and what it does.

## 1.1 Who is Energy Infrastructure Investments?

Murraylink transmission interconnector is one of a suite of gas and electricity infrastructure assets owned by Energy Infrastructure Investments Pty Limited (ABN 95 104 348 852). Those infrastructure assets are managed by APA.

Energy Infrastructure Investments (EII) corporate ownership is as follows:

- Marubeni Corporation holding a 49.9% stake
- Osaka Gas holding a 30.2% stake, and
- APA holding a 19.9% stake.

## 2 About Murraylink

An overview of Murraylink and the regulatory landscape that applies to the way we operate it.

### 2.1 Murraylink — serving South Australian and Victorian customers & community

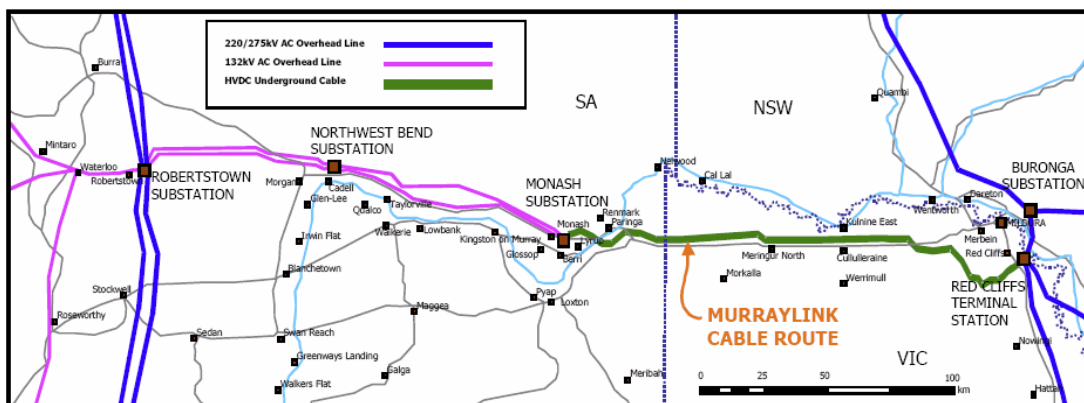
Murraylink is one of three stand-alone interconnectors in the NEM (Murraylink, Directlink and Basslink). It was commissioned in 2002. It has 220MW transfer capability.

Murraylink is notionally located within the South Australian region of the NEM. The link is connected to the transmission systems of:

- Electranet, in South Australia, at Monash 132 kV substation; and
- Ausnet Services, in Victoria, at Red Cliffs 220 kV terminal station. The location of this connection is also in close proximity to the Victorian – NSW interconnection between Red Cliffs and Buronga.

Figure 1 is a schematic transmission network map. This map identifies the Murraylink transmission line and the location of major network assets in the adjacent Electranet and SPI Powernet transmission networks.

Figure 1 – Murraylink transmission connection



The flow in Murraylink may be adjusted continuously up to its rating of 220 MW in either direction.

We view the primary role of Murraylink is to enable AEMO to lower the cost of wholesale electricity in the Victorian and South Australian regions of the NEM.

Further information on the Murraylink is available on our website at:

[electricity transmission interconnectors | APA Group](#)

Tell us what you think

1. Is there other or additional information you want us to provide about the Murraylink?
2. Is there other or additional information you want us to provide about the Murraylink Transmission Determination?



### 3 Regulation of electricity transmission interconnector

The regulation of electricity transmission interconnectors is prescribed in the National Electricity Law and Rules.

#### 3.1 Regulatory landscape for Murraylink

Murraylink is regulated under the National Electricity Law and the National Electricity Rules. Murraylink is a fully regulated pipeline system, which means that revenue and pricing methodology is subject to regulatory oversight by the Australian Energy Regulator.

Oversight of a fully regulated electricity transmission interconnector is achieved through the Australian Energy Regulator issuing a transmission determination comprising:

- A revenue determination, and a
- Pricing methodology.

As part of our preparation for our Transmission Determination we are undertaking stakeholder engagement to enable us to propose a transmission determination that reflects feedback from our stakeholders.

The provisions of the transmission determination must be consistent with the national electricity objective. The national electricity objective is,

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**“the objective of this Law is to promote efficient investment in, and efficient operation and use of, electricity services for the long term interests of consumers of electricity with respect to:**

- 1. price, quality, safety, reliability, and security of supply of electricity; and**
  - 2. the reliability, safety and security of the national electricity system.”**
- 

The National Electricity Rules requires Murraylink to submit our Transmission Determination Proposal on 31 January 2022, and the AER’s determination will have effect for a period of five years from 1 July 2023.

#### 3.2 Regulatory process

The National Electricity Rules set out the way the Australian Energy Regulator Murraylink’s transmission determination proposal.



The key regulatory milestones and the indicative timeline the Australian Energy Regulator and Murraylink are required to follow are shown below. The stakeholder engagement timetable is set out in 6.1.

Table 1: Regulatory Timetable

| Indicative timeline | Milestone  | Description  |
|---------------------|--|--|
| 31 January 2022     | Murraylink submits transmission determination proposal to AER        | AER will call for submissions on Murraylink's transmission determination   |
| March 2022          | AER to publish issues paper  | The AER publishes an issues paper on our Transmission Determination Proposal   |
| May 2022            | Submissions on Murraylink's proposal close                           | Stakeholders are given the opportunity to comment on our transmission determination proposal   |
| September 2022      | AER publishes the Draft Murraylink Transmission Determination        | The AER considers the submissions to the proposal and must make a draft decision indicating whether or not the AER is prepared to approve the transmission determination. If not, the AER will set out the changes needed for it to accept the proposal. |
| December 2022       | Murraylink submits its revised proposal                              | We will consider the AER's draft decision, and if necessary make a revised proposal  |
| January 2023        | Submissions on our revised transmission determination proposal close | The AER will publish our revised proposal soon after it is submitted and request submissions   |
| April 2023          | Final decision published by AER                                      | AER must publishes its final decision.   |

Tell us what you think:

3. Is there any further information you would like to know about the regulatory landscape for Murraylink?
4. Do you have any comments about our engagement on reference services to date?



## 4 Ways of engaging with you...

In August 2020 Murraylink hosted a co-design session to develop its stakeholder engagement plan.

We have prepared this engagement plan as a way of recording the outcomes of that session and seeking feedback from stakeholders who were unable to attend.

### 4.1 EII engagement for regulated assets

EII is committed to better engagement with stakeholders.

The purpose of the Stakeholder Engagement Group is to provide us with customer, consumer and community perspectives to help shape our submission to the Australian Energy Regulator (AER). We envisage that the Stakeholder Engagement Group will review, question and suggest ways to improve the proposal that we submit to the regulator.

We want the community to have a better understanding of our proposed plans for operating Murraylink over the 2023-2028 revenue period. We want to hear your views on our proposed operating expenditure and investments, and we want you to provide the community perspective. Your input will help to shape our thinking for Murraylink.

### 4.2 Engagement principles

We will utilise best practice principles when engaging with Murraylink stakeholders. This means:

- **No surprises.** We want consumers and the regulator to feel that during the engagement process we have revealed the details, both big and small, of our plans and thinking.
- **Clear, accurate and timely communication.** We will aim to prepare information with sufficient time for you to consider and provide feedback. We intend to hold two roundtables before submitting our proposal by 31 January 2022.
- **Easy to understand.** We will prepare and provide accessible, non-technical information that can be read and understood by a wide audience. We propose to make this information available on our website.
- **Transparent.** We aim to be transparent about our thinking and plans.
- **Consumer influence.** We aim to be open about what is and what isn't open to consumer influence. We will let you know about these in advance. For example, our operating and capital expenditure plans are open to influence, however, rates of return have essentially been predetermined and we will be presented for information only.





- **Measureable.** We will seek your feedback on the engagement process, and we will ask you to rate us on the above principles at the end of the engagement for the transmission determination proposal.

Ultimately, when developing the transmission determination proposal, we want to have an open and honest dialogue with truly engaged consumers.

### 4.3 Ways we will engage

#### 4.3.1 Identified and approached potential stakeholders

We identified a list of potential stakeholders based on:

- Organisations and people involved in previous Murraylink transmission determinations.
- Representatives of major users of electricity.
- Community groups with an interest in electricity network regulatory determinations in Victoria and South Australia.
- Government Departments and Agencies with an interest on network regulations.
- Other electricity transmission networks that service Victoria and South Australia.

We then approached SACOSS and St Vincent de Paul for any suggestions as to organisations we may have missed. We also contacted the organisations they recommended. The list of organisations we approached are set out in the table below:

Table 2: Stakeholder engagement participants invited

| AEMO                       | AER  | Ausnet Services                                     |
|----------------------------|--|---|
| Business South Australia   | Central Irrigation Trust                           | Consumer Action Law Centre                          |
| Council of the Aging       | Department for Energy and Mining                   | Department of Environment, Land, Water and Planning |
| ElectraNet                 | Energy Consumers Australia                         | Energy Safe Victoria                                |
| EUAA                       | Major Energy Users                                 | Manufacturing Australia                             |
| SACOSS                     | South Australian Financial Counsellors Association | St Vincent de Paul                                  |
| Uniting Care Wesley Bowden | Uniting Communities                                | VCOSS   |
| the Energy Project         |  |   |

Tell us what you think:

5. Are there other groups, organisations or individuals that we should directly approach to participate in our stakeholder engagement?



#### **4.3.2 Murraylink Co-design session.**

We undertook a stakeholder engagement co-design session with stakeholders on 30 August.

The objective of the session was to collectively design a stakeholder engagement approach for Murraylink that reflects stakeholders interests and resources.

Our stakeholders express some clear preferences in regards to our approach to stakeholder engagement.

1. They prefer workshops as it gives an opportunity to hear and reflect on other stakeholders views.
2. They nominated a range of topics they would like discussed.at workshops (see attachment 1 Workshop: Whiteboard)
3. They want an opportunity to comment on the transmission determination proposal prior to it being submitted

We grouped these issues into two workshops that are outlined in section 6.

As a result of this feedback the workshops are forming the core of our formal stakeholder engagement.

This document represents our proposed plans to engage with stakeholders. We are interested in hearing your views on the draft engagement plan.

#### **4.3.3 Murraylink Stakeholder Engagement Group**

We have established the Murraylink Community Engagement Group, which includes representatives from a wide section of the Murraylink community. We have invited industry representatives, consumer advocates, the South Australian and Victoria Government. We have also invited the Australian Energy Regulator to attend as an observer.

The role of the engagement group is to provide EII with consumer and community perspectives, review our plans, and question our intentions for the transmission determination. We are seeking to better understand what consumers want us to focus on when we prepare our plans.

We will use this feedback to help shape our proposal. The transmission determination proposal will then be submitted to the Australian Energy Regulator for a decision.

#### **4.3.4 Workshops**

As part of our transmission determination preparation, we propose to hold two roundtables of Murraylink Stakeholder Engagement Group prior to submitting our transmission determination proposal in January 2022.



At this stage, we are proposing conduct the meeting online via MS Teams. We may review this format in due course.

The indicative timelines for the roundtable are discussed in section 5 and the contents are outlined in section 6.

#### **4.3.5 Proposal**

We will circulate our proposal to stakeholder engagement group and publish a draft on our website prior to submitting it to the AER. The submission date is the end of January. Many people will be on holiday at that time of year we are committing to maximising the amount of time it is available for comment recognising the limitation that preparation of the proposal will need to be completed reflecting stakeholder feedback.



#### 4.3.6 Murraylink engagement webpage

We have established an engagement page on the APA website for the Murraylink 2023-2028 transmission determination. All the engagement documents for Murraylink will be placed on this page during the engagement process.

The Murraylink engagement webpage can be found at:

[Murraylink electricity transmission interconnector](#)

#### 4.3.7 Meetings

Stakeholders who are not able to attend the roundtables or wish to meet face-to-face may request a separate meeting. We are willing to meet with stakeholders on an individual basis.

### 4.4 Scope of engagement

While we will be seeking your views on a wide range of topics, there are some things that are essentially finalised under the regulatory rules that we operate under. We will let you know when this is the case.

The main areas where we seek your views are likely to be for our capital and operating expenditure proposals.

We expect that the stakeholder reference group members will represent the views of their organisations. We value the likely broad range of views and will consider them preparing our final proposal. We are not seeking consensus of views from the reference group.

**Tell us what you think:**

**6. Do you have any comments about the way we propose to engage? Anything we could be better?**



## 5 Indicative timeline and topics

We have set out indicative timelines for engagement.

### 5.1 The plan is to be flexible

The indicative timing for the roundtables and discussion topics is set out in this table. It is only indicative because we will be flexible and 'play it by ear' as to the topics for discussion.

| Roundtable   | Timing (indicative)   | Proposed topics   |
|--|-----------------------|---|
| 1. Murraylinks operating environment                     | 28 October 2021       | <ul style="list-style-type: none"> <li>• Introduction to Murraylink</li> <li>• Murraylink's role in the NEM (AEMO)</li> <li>• Network drivers</li> <li>• Regulatory landscape</li> <li>• Asset Management Plan</li> </ul> |
| 2. Murraylink Proposal                                   | 18 November 2021      | <ul style="list-style-type: none"> <li>• Elements of transmission determination proposal</li> <li>• Forecast Capex/</li> <li>• Forecast Opex</li> <li>• Contract with APA</li> <li>• Pricing Methodology</li> </ul>       |
| 3. Circulate Written Transmission Determination Proposal | December 2021         | <ul style="list-style-type: none"> <li>• A written version of the Overview document will be circulated to stakeholders</li> </ul>   |
| 4. Transmission Determination proposal submission        | January 2022          | <ul style="list-style-type: none"> <li>• The transmission Determination Proposal and required information is submitted to the AER.</li> </ul>   |
| 5. AER Draft Decision                                    | September 2022        | <ul style="list-style-type: none"> <li>• Identify and discuss major components of difference between APA proposal and AER draft determination</li> </ul>  |
| 6. Possible Revised proposal subject workshop            | October/November 2022 | <ul style="list-style-type: none"> <li>• If a specific difference is material then a specific workshop will be held to get stakeholder feedback</li> </ul>  |
| 7. Murraylink revised proposal                           | December 2022         | <ul style="list-style-type: none"> <li>• Response to the AER's draft determination</li> </ul>   |
| 8. AER final decision                                    | April 2023            | <ul style="list-style-type: none"> <li>• AER publishes the final determination on the regulated revenue and pricing method</li> </ul>   |

We will seek to engage again once the Australian Energy Regulator has released the draft decision.

**Tell us what you think:**

7. What are your views about the indicative timeframe and the proposed discussion topics?



## 6 Workshops

### 6.1 Workshop 1: Murraylink's operating environment

This session is putting the Murraylink Transmission Determination in the context of the National Electricity Market. It will cover the business "narrative" - issues that will impact on Murraylink and the transmission determination.

EI will invite representatives of AEMO to present on how they view Murraylink's role within the National Electricity Market. This will also discuss how other projects in the NEM and how they will affect Murraylink, in particular the NSW-South Australia Interconnect (Project Energy Connect).

Description of EI decision making on asset management and the operation of the contract with APA group for operational services (Management, Operations and Maintenance and Commercial Services Agreement)

### 6.2 Workshop 2: Components of Murraylink's transmission determination

This session will outline and discuss the elements of Murraylink's transmission determination:

- Forecast Operating Expenditure
- Forecast Capital Expenditure
- Pricing Methodology (revenue split between VIC and SA)
- Other elements of the building blocks.

We will also outline those factors that are directly relevant to the forecast of these components:

- Reliability and performance
- Long term productivity
- EI/APA forecasting methodology



## 7 Next steps... tell us what you think so far

We welcome your ongoing feedback on this proposed engagement plan.

### 7.1 Feedback

We would appreciate your views on the following questions.

| We would welcome feedback on the following questions  |
|---|
| 1. What information do you want us to provide about Murraylink?   |
| 2. Is there any further information you would like to know about the regulatory landscape for Murraylink? |
| 3. Do you have any comments about our engagement on Murraylink to date?                                   |
| 4. Do you have any comments about the way we propose to engage? Anything we could be better?              |
| 5. What are your views about the indicative timeframe and the proposed discussion topics?                 |

### 7.2 How to contact us

Please feel free to get in touch with us with any questions or to make other comments. Please email your questions or comments to:

**Mark Allen**

Manager Regulatory

+61 2 9275 0010

[mark.allen@apa.com.au](mailto:mark.allen@apa.com.au)

Please contact Mark if you want any further information or to set up a meeting to discuss any aspect of the engagement plan for Murraylink.

The background features a series of concentric, overlapping circles in light grey and white, some solid and some dashed, creating a ripple effect. A large orange callout box with a downward-pointing tail is centered on the page. Inside the box, the text is white.

# Murraylink Electricity Transmission Interconnector

Co-Design Stakeholder Engagement



The purpose of the workshop is to co-design a stakeholder strategy for Murraylink Electricity Transmission Interconnector.

The aim is to have:

- Topics for future engagement; and
- Methods of future engagement.

# Murraylink – Purpose of workshop

We want to understand our stakeholders' priorities and reflect these in our Transmission Determination Proposal.

# Stakeholder engagement

Background

Murraylink will provide the following information to the AER:

- Forecast capital expenditure by project and driver.
- Forecast Operating expenditure (base year FY2021) and any potential future changes.
- Historic capital expenditure back to FY 2017 with justification.
- Historic operating expenditure back to FY2017.
- Outcomes of the incentive schemes.

Murraylink –  
Information  
provided to  
the AER

This information will also be published on the Murraylink webpage prior to submission to the AER

Available resources for stakeholder engagement:

- 25% Regulatory Manager
- 10% Asset Manager
- 5% Engineering subject matter expert
- 10% Accountant

Transmission Determination Proposal due 31 January 2022.

Murraylink –  
Stakeholder  
engagement  
resources

Co-design of stakeholder engagement

Please open “Jamboard”

Murraylink –  
Topics for  
engagement

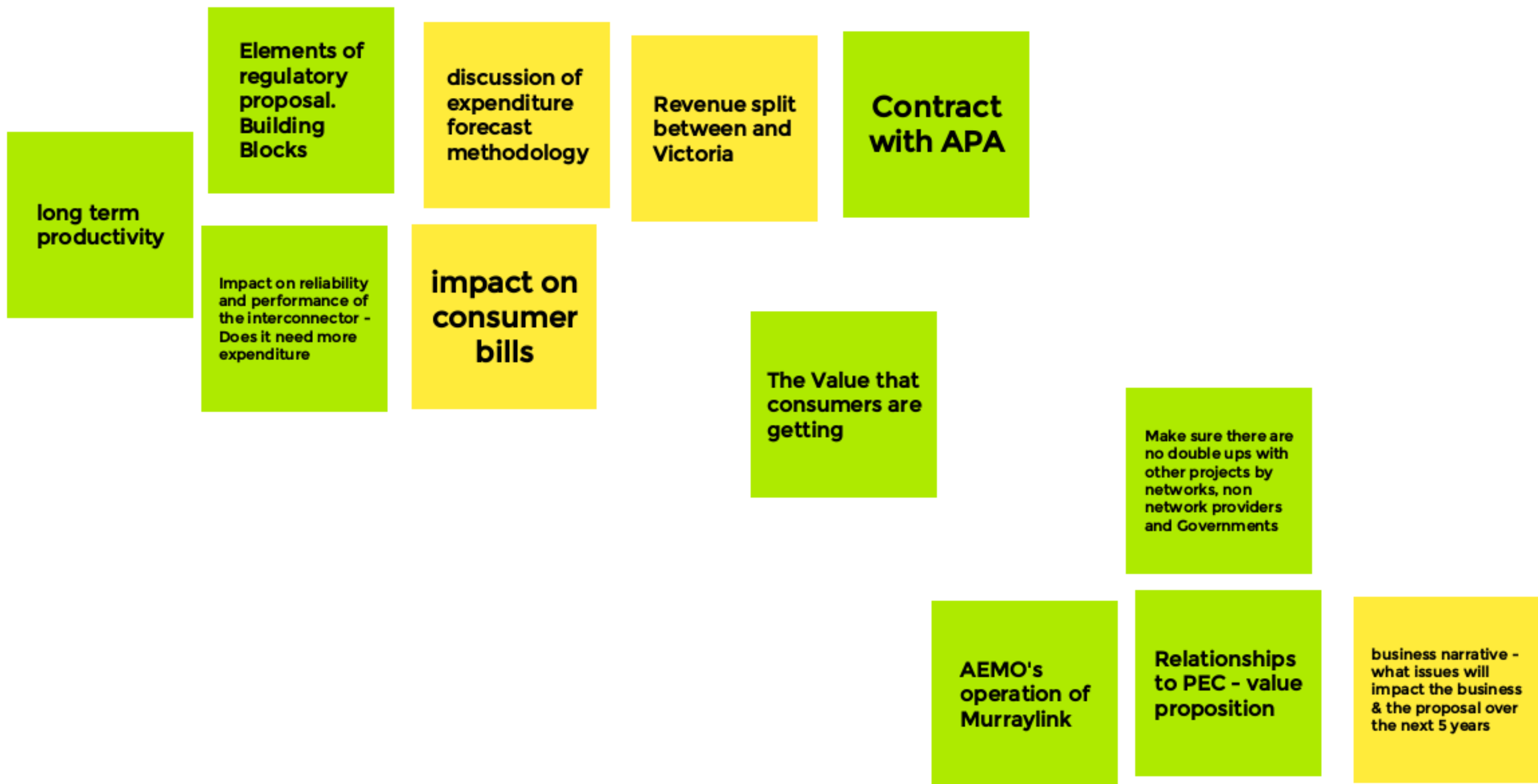


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# Murraylink – Methods for engagement



# What topics matter to you?



How do you want to talk to us/have us talk to you?

**Circulation of  
draft  
regulatory  
proposal**

**Workshops -  
interactive.  
Hear others  
views**

**Publication of  
material on  
the website**