

16 April 2019

Wholesale Electricity Regulatory Pricing Framework Review
Department of Treasury and Finance
GPO Box 147
HOBART TAS 7001

Submitted via e-mail to: wholesale.pricing.framework@treasury.tas.gov.au

Dear Mr Farrell,

Review of the Tasmanian Wholesale Electricity Market Regulatory Pricing Framework

Goldwind Australia (“Goldwind”) welcomes the opportunity to make a submission in response to the Department of Treasury and Finance’s *Review of the Tasmanian Wholesale Electricity Market Regulatory Pricing Framework Options Paper*.

Goldwind is constructing the Cattle Hill Wind Farm, a merchant generation investment in Tasmania. Construction of Cattle Hill Wind Farm is progressing well with site energisation expected in June 2019 and full Commercial operations expected in Q1 2020. Once complete, the Cattle Hill Wind Farm will represent approximately 5% additional electricity supply for Tasmania. This new supply will help reduce Tasmanian electricity prices to a more competitive level. Intervention in the wholesale electricity market has strong potential to disrupt merchant generation investment in Tasmania such as Cattle Hill Wind Farm.

Goldwind understands the importance of achieving low energy prices for Tasmanian electricity customers and is supportive of the Tasmanian Government’s desire that customer prices in Tasmania are more reflective of Tasmanian system costs.

The wholesale market framework should ensure that participants can realise transparency in market price signals and obtain access to requisite contracts (contract types and volume). Goldwind considers that maintaining the existing market-based Wholesale Regulated Contract Instrument (WRCI) and its transparent linkage to Victorian contract prices (Option 1) is the most effective means to achieve this.

The current WRCI has been effective to date in achieving the following:

- enables market participants to efficiently manage wholesale market risk;
- is sustainable and enduring to wholesale market developments (i.e. greater interconnection);
- minimises distortions to efficient operation of the NEM;
- minimises barriers to new generation investment; and
- support the achievement of the Tasmanian Government’s Energy Policy Objective.

Goldwind considers that Options 3 (Capped), 4 (Optional Contracts), 5 (Mandatory Contracts) and 6 (Tasmania NEM Trader) provide either a cap on wholesale market pricing or result in the removal of a transparent wholesale contract pricing mechanism which will have unintended consequences of distorting the interaction between spot and contract markets. Accordingly, in the absence of transparent investment signals, it is likely that these options will also undermine new generation investment in Tasmania.

Goldwind believes that achievement of lowest electricity prices for customers would be most effectively managed through of the provision of a direct customer rebate on electricity bills (Option 2), funded from Tasmanian Government owned electricity entity dividends. This option does not interfere with the efficient operation of the wholesale market. However, enables the Tasmanian Government to address keeping the cost of energy low for customers.

Any questions about this submission should be addressed to Annette Adler by email AnnetteAdler@GoldwindAustralia.com or by telephone on (02) 9008 1747 .

Yours Sincerely



John Titchen
Managing Director
Goldwind Australia