

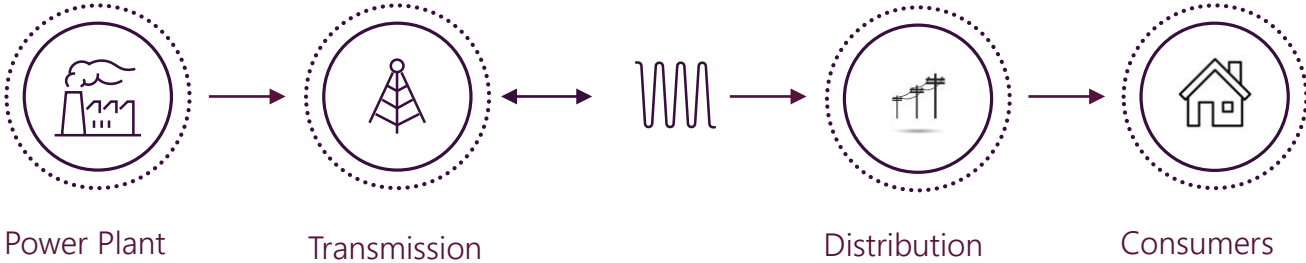


Managing the energy transition

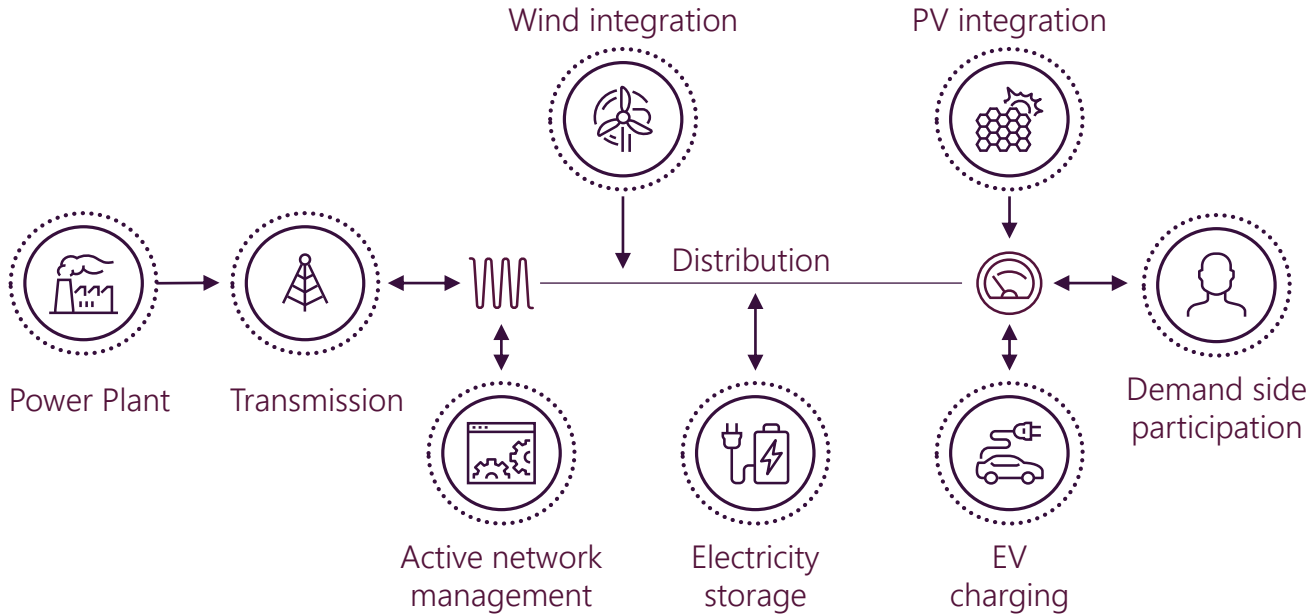
Audrey Zibelman
Managing Director and Chief Executive Officer

The changing power system

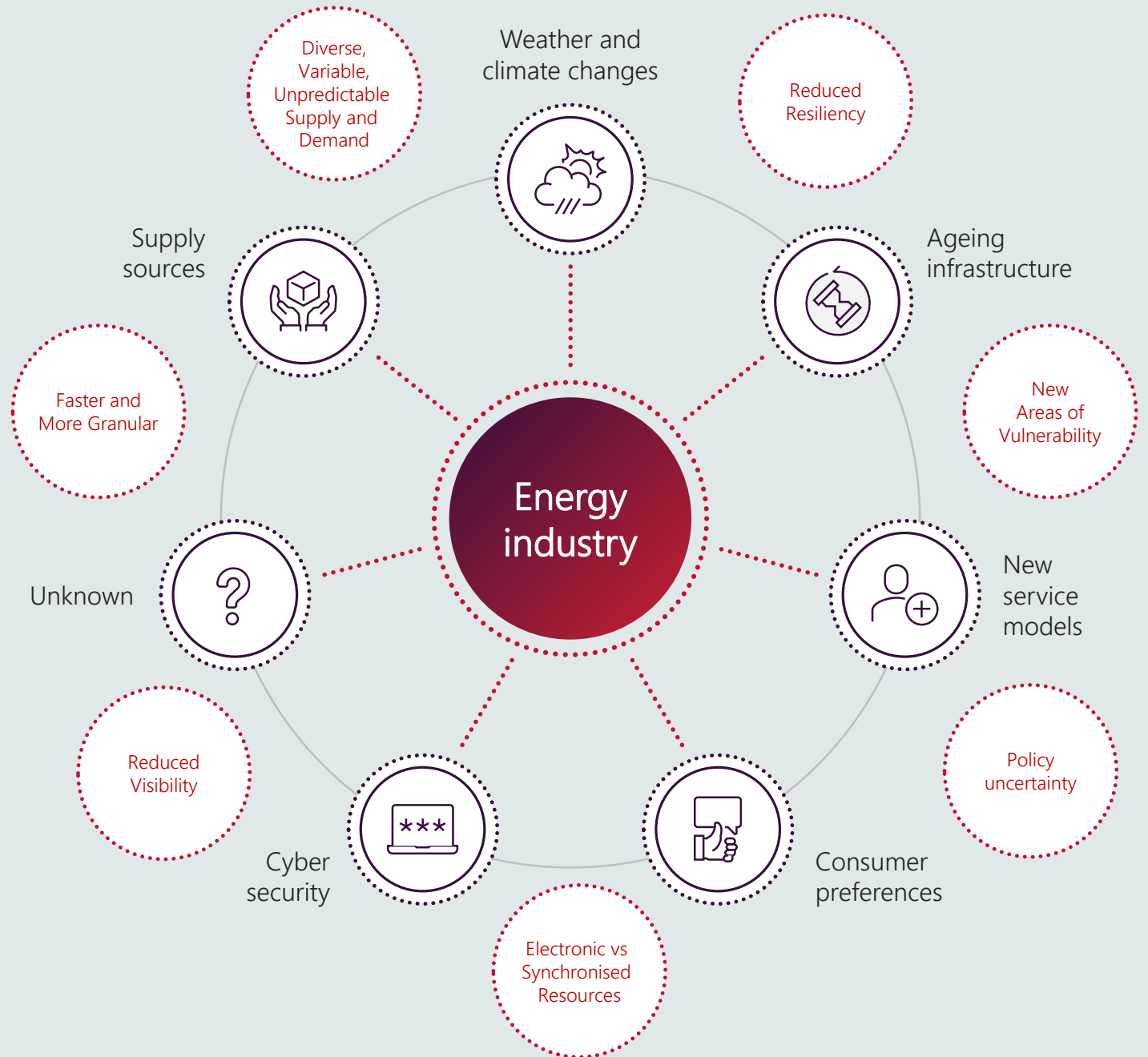
Traditional power system



Evolving power system



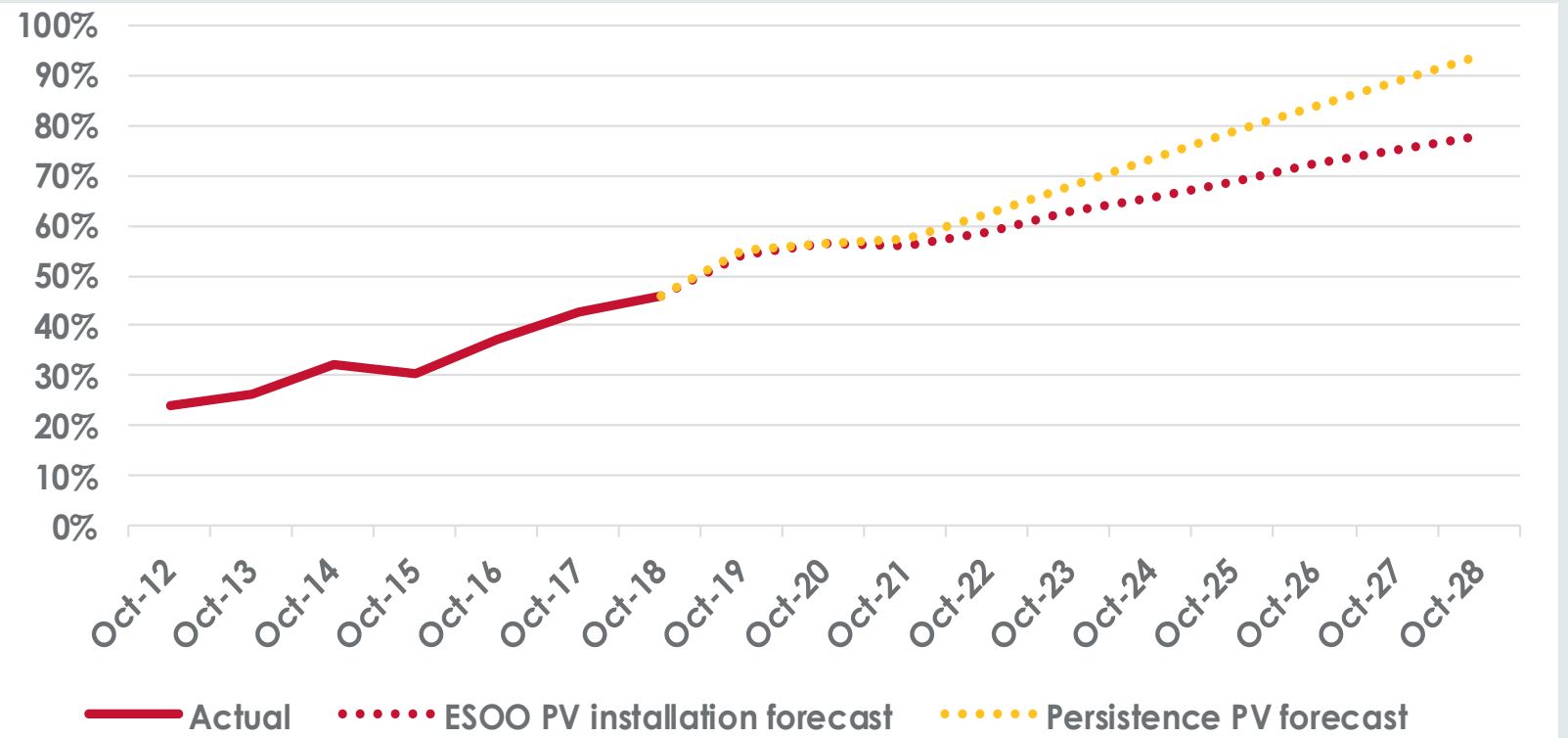
Drivers of disruption



Transforming SWIS

With a peak demand of 4000MW, average demand of 2000MW and minimum demand of 1200MW, SWIS is seeing a rapid increase in the instantaneous penetration of variable renewable energy

- Majority of recent and projected large-scale capacity is renewable
- Rooftop solar is now 3 times larger than our biggest single generator on the SWIS

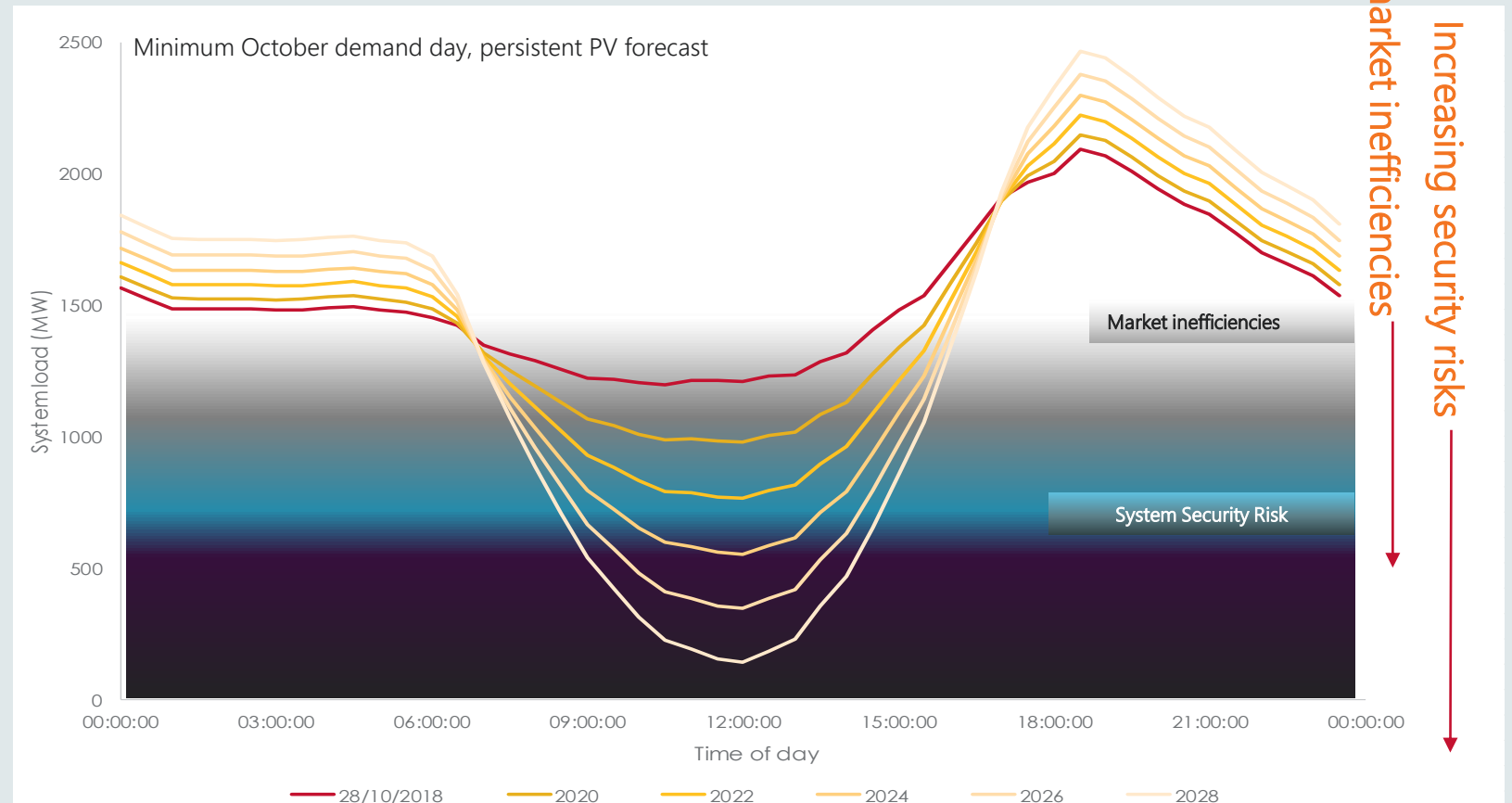


Evolving SWIS Challenges

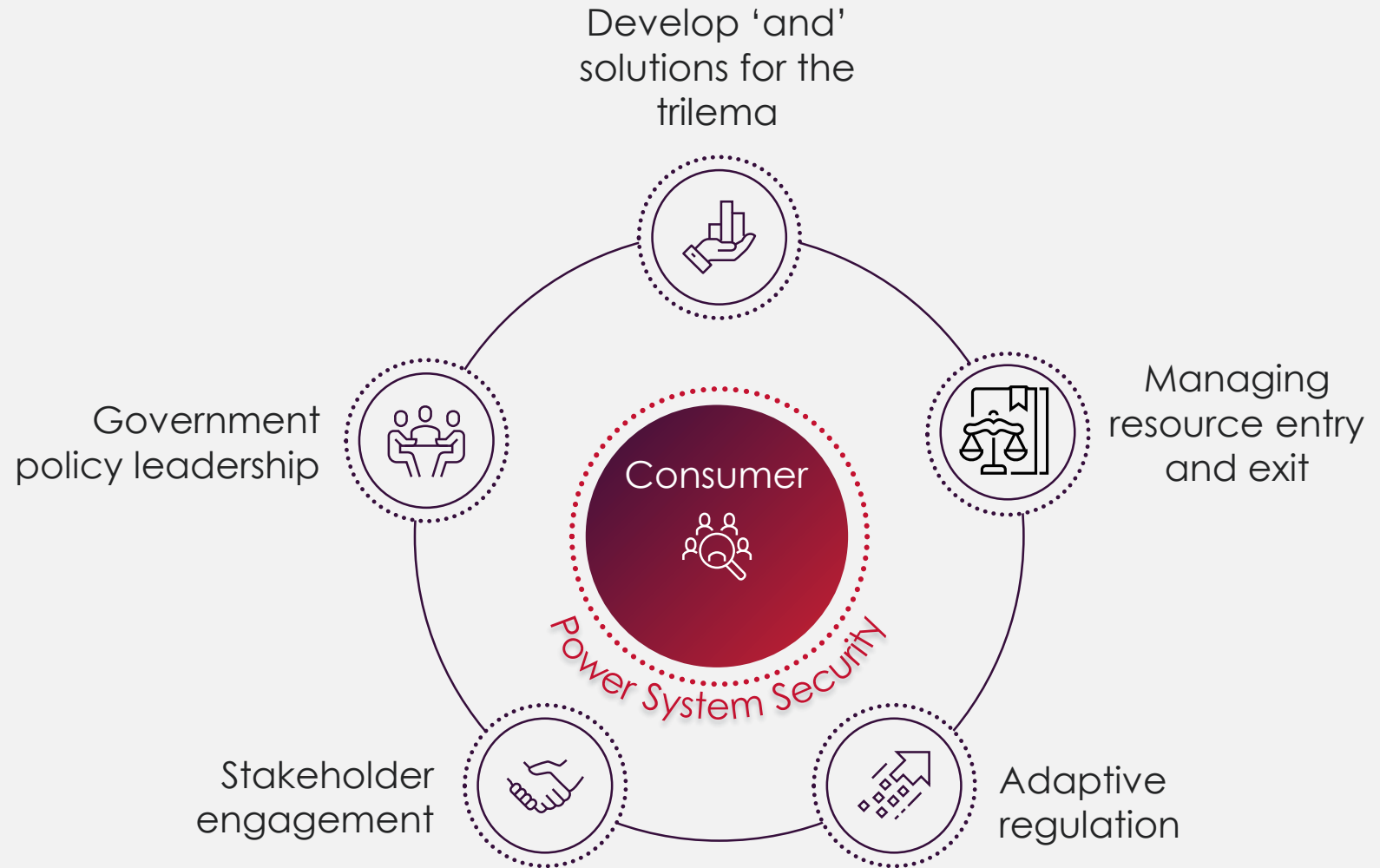
Utility-scale renewables have provided low carbon, low energy cost energy and rooftop solar have enabled customers with choice and reduced their bills and carbon footprint.

Fundamental change is required as under existing regulatory and market constructs designed for traditional power system:

- Increasing variability resulting in traditional generators regularly changing output causing increased failures and maintenance costs.
- Dispatchable thermal generation that provides ancillary services to ensure power system security and reliability are displaced.
- Distorted market price signals.



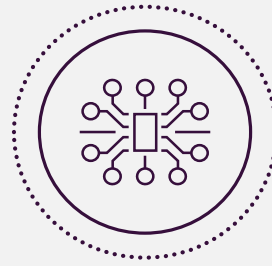
Managing the transition





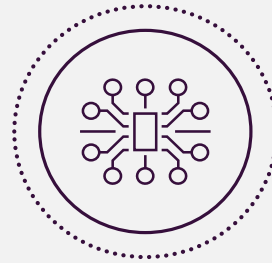
Priorities for the WEM

Stakeholder engagement will be critical in the development and implementation of necessary changes.



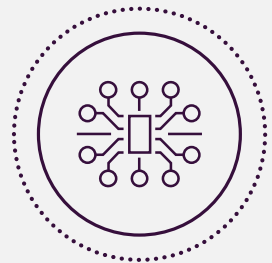
Progress State Governments WEM and Constrained Access Reform Program

- Provides foundation to facilitate energy transition (including regulatory and market changes).



Distributed Energy Resources roadmap

- Develop policy and regulatory settings, proof of concept trials, operational and market frameworks to enable efficient utilisation of DER.
- Implement a Distribution System Operator function.
- Create a DER register and implement new technical standards.



Whole of System Plan

- Determine the needs of the power system to facilitate the transition.
- Storage will be essential to enabling the ongoing connection of rooftop PV.