



Suite 4a, E Shed, Port of Fremantle, Fremantle WA 6160,
+61 499 303 181 | enquiries@flotationenergy.com

Mr. Daniel Westerman
Chief Executive Officer
Australian Energy Market Operator

Submitted via email: ISP@aemo.com.au

Dear Mr. Westerman,

Submission to Australian Energy Market Operator — Draft 2022 Integrated System Plan

Flotation Energy Pty Ltd (ACN 637 047 039), a wholly owned subsidiary of Flotation Energy plc (UK Company Number SC597702), a specialist offshore wind developer, makes this submission to the Australian Energy Market Operator regarding the Draft 2022 Integrated System Plan (ISP), released for consultation in December 2021.

About Flotation Energy

Flotation Energy has a proven track record in the development and delivery of offshore wind projects, with the team delivering some 3GW of pioneering fixed offshore wind projects and the world's largest operational floating wind project (the 50MW Kincardine Offshore Floating Wind) in the UK. In February 2021, Flotation Energy plc secured development rights in UK Round 4 for a 480MW fixed project in the Eastern Irish Sea (UK), with its long-term joint venture partner, ACS Cobra.

In 2019, Flotation Energy brought its experience and expertise to Australia for the development of the 1.5GW Seadragon Offshore Wind Farm. Seadragon is a bottom-fixed offshore wind development in Bass Strait, 10 – 50km off Ninety Mile Beach between McGaurans Beach and Golden Beach. In November 2021 the Seadragon project secured \$2.3 million from the Victorian Government's Energy Innovation Fund to support the current development stage. Flotation Energy has submitted referrals for the project under the EPBC Act and Victorian Environmental Effects Act and is investing significant development expenditure for feasibility, design and scoping activities. In addition, Flotation is studying the technical and commercial feasibility of reusing redundant petroleum assets in Bass Strait to reduce the decommissioning burden, improve environmental outcomes.

Flotation Energy has the expertise and ability to deliver the Gippsland Offshore Wind project by the late 2020's, subject to the successful granting of the relevant licences and regulatory consents. The project will connect to the National Electricity Market (NEM) in Gippsland, helping to replace the Latrobe Valley thermal coal generators due to retire in the coming decades and maintain the region's contribution to the energy market.

Our Submissions

Flotation Energy commends AEMO for the quality of the Draft ISP and the sophisticated analysis that underpins it. The draft ISP clearly demonstrates that the energy transition is accelerating, requiring significant investment in enabling infrastructure but offering the opportunity to accelerate delivery of large energy infrastructure projects.

Our reflections are as follows:

- Flotation Energy's view is that offshore wind will be a contributor to Australia's energy mix much sooner than 2040, as early as 2028-2030. We acknowledge that offshore wind is currently more capital intensive than onshore wind, but expect costs will reduce as the global offshore wind industry continues its rapid expansion and the supply chain becomes established in Australia. Onshore renewable energy

development in Australia will continue to grow exponentially but these projects will become increasingly difficult and costly as suitable land becomes harder to find and community opposition causes delays or cancellation of projects. Transmission upgrades needed to support new renewable projects will also face challenges with community acceptance and social licence, particularly for overhead transmission lines. Offshore wind projects bring larger scale generation, so fewer developments are needed and potentially easing social licence pathways. Offshore windfarms sited near existing transmission hubs such as the Latrobe Valley and Hunter Valley can re-use transmission infrastructure as coal-fired power is decommissioned and create new jobs for the existing capable energy workforce. We would like to see AEMO's modelling include sensitivities for difficulties obtaining social licence for renewables projects as a consideration when predicting the achievable pace of renewable energy development.

- Offshore wind has higher capacity factors than onshore wind and solar, and the wind profile offshore is often complimentary to that onshore offering diversity of generation. This means that offshore wind can decrease the volatility of renewable energy supply and increase grid stability.
- Improving transmission capacity and coordination of connections, including shared transmission without delaying or disadvantaging early movers, is critical to enabling the rapid expansion of capacity whilst also ensuring a secure and reliable grid. This will be particularly important around major transmission hubs and Renewable Energy Zones (REZ).
- We would like to see more analysis and insight into the operation of Renewable Energy Zones (REZ), with particular focus on transmission upgrade cost recovery and operating rules for economic curtailment.

Flotation Energy thanks AEMO for considering our submissions and engaging with us over the last few years. We look forward to a bright future for Australia's offshore renewable energy industry.

We would be very pleased to provide further input and offer our expertise and experience unreservedly. I can be contacted at timsawyer@flotationenergy.com or on +61 488 400 811.

Yours sincerely,



Tim Sawyer
Managing Director
Flotation Energy Pty Ltd