

5 December 2016

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## Victorian Connections Reform

Dear Franc

Energy Networks Australia welcomes the opportunity to make a brief submission to the Australian Energy Market Operator (AEMO's) Victorian Connections Reform consultation paper (November 2016).

Energy Networks Australia is the national industry body representing businesses operating Australia's electricity transmission and distribution and gas distribution networks. Member businesses provide energy to virtually every household and business in Australia.

Energy Networks Australia supports initiatives to streamline the connections process in Victoria. Member businesses have extensive experience with generator connections in both Victoria and other National Electricity Market (NEM) jurisdictions and look forward to working with AEMO on the connections reform proposals.

Energy Networks Australia also supports practical contestability and competition with a minimal number of contractual complexities. Existing contractual arrangements for procurement and provision of shared network services should not be unnecessarily delayed and erode the benefits of a contestable framework for all parties concerned.

The Australian Energy Market Commission's (AEMC) recent Draft Rule Determination on the Transmission Connection and Planning Arrangements rule change proposal noted:

*"Stakeholders' greatest concern with the Victorian arrangements is the complexity of the contractual arrangements"* (page 70).

The details of AEMO's reforms will therefore be important. Further clarification may be required as to how variations and minor outstanding items that were discussed during the AEMO workshop of 16 November 2016 are defined, and would be made operational under any reformed contractual arrangements. The reform process should not lead to an accountability gap where AEMO may inadvertently vacate a role as part of any potential reforms.

Given the interdependencies with reforms currently being pursued via the Council of Australian Governments' (COAG) Energy Council's Transmission connections and planning arrangements rule change proposal, Energy Networks Australia recommends that AEMO defer its final decision on its amendments to Victorian connection arrangements until after the AEMC's final determination on this rule change in early 2017. This would give AEMO the greatest opportunity to align arrangements across the NEM.

Energy Networks Australia also acknowledges that AEMO should continue to negotiate Generator Performance Standards with prospective generators and give due and consistent consideration as to how the potential reforms will relate to 'loads' in due course.

Energy Networks Australia and its members look forward to future engagement with AEMO and the Australian Energy Regulator as AEMO further develops the commissioning approval processes and prospective incentive schemes.

Should you have any additional queries, please feel free to contact Norman Jip, Energy Network Australia's Senior Program Manager – Transmission on (02) 6272 1521 or [njip@energynetworks.com.au](mailto:njip@energynetworks.com.au).

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'John Bradley', is positioned above the printed name and title.

**John Bradley**  
**Chief Executive Officer**