

21 July 2016

Ms. Anne Pearson
Chief Executive
Australian Energy Market Commission
PO Box A2449
Sydney South, NSW, 1235

Dear Ms. Pearson

Register of Large Generator Connections Consultation Paper (ERC0205) (23 June 2016)

The Energy Networks Association (ENA) welcomes the opportunity to make a submission to the Australian Energy Market Commission's (AEMC) Register of Large Generator Connections Consultation Paper (*23 June 2016*).

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

The ENA understands that the Council of Australian Governments' Energy Council rule change proposal is underpinned by the AEMC's Optional Firm Access Design and Testing consultations finalised in July 2015. A key recommendation in the AEMC's Final Report was to improve the information flows and transparency of the effect of transmission connections in the national electricity market (NEM) on the network.

The ENA acknowledges that the two key elements of the rule change proposal are:

1. **The establishment and maintenance of individual Transmission Network Service Providers (TNSPs) registers** of all Large Generator connections (greater than 30 MW nameplate capacity) commissioned after the commencement of the NEM (13 December 1998). Such a register would not disclose any commercially sensitive or confidential information, and
2. **That TNSPs undertake impact assessments of all Large Generator connections (i.e. those connections made after the proposed commencement of this rule)** to determine the impact of generator connections on the transmission network¹. This would only involve a TNSP using historical data to make assessments (report on out turns) of the 12-month period either side of the date a Large Generator was commissioned.

¹ Refer to page 3 of the AEMC's 2016, ERC0205, Consultation Paper, 23 June 2016, Sydney.

The AEMC outlines that such assessments be 'proportionate'², and the ENA considers that these impact assessment reports will not involve any instances of modifications to any existing Large Generator connections³.

At a high level, the ENA understands that the proposed TNSP registers and impact assessments are intended to increase information transparency, but advises that the proposed impact assessments must be understood as:

- » Involving the reporting of information either already available to the market through the Australian Energy Market Operator (AEMO) and other sources, or published in Transmission Annual Planning Reports.
- » Provided to the market on an economically efficient basis, and
- » TNSPs complying with their interpretation of the proposed National Electricity Rules' obligations.

The ENA's brief responses to the Consultation Paper's specific questions are provided in Attachment # 1, to this covering letter.

Should you have any additional queries, please feel free to contact Norman Jip, ENA's Senior Program Manager – Transmission on (02) 6272 1521 or njip@ena.asn.au

Yours sincerely



John Bradley
Chief Executive Officer

² *ibid*, p.4.

³ *ibid*, p.9.

Attachment # 1: ENA Responses to AEMC Consultation Questions

Question 1: Assessment framework

(a) Is the assessment framework appropriate for considering the changes proposed in the rule change request?

The promotion of the National Electricity Objective is fundamental.

The ENA has no additional suggestions.

(b) Are there other relevant considerations that should be included in the assessment framework?

The ENA agrees that non-confidential TNSP information provision to the NEM must be cost-effective, transparent, practical and of value to interested parties.

Question 2: Details to be included in the register

(a) Are there other details that should be included in the register?

The ENA has no further suggestions. As the AEMC accurately notes on page 6 of its Consultation Paper, most of the information is already available on the Australian Energy Market Operator's (AEMO) website.

Details of the node, registered person, technology, total nameplate rating capacity in lieu of maximum power generating capacity, cessation of a person's registration and any reporting on observed impacts seem reasonable and fit-for-purpose.

(b) Are the proposed details to be included in the register appropriate?

Based on the response to Q2(a) above, Yes.

Question 3: Details to be included in the impact assessment

(a) Are there other details that should be included in the impact assessment?

The ENA considers that the impact assessments should only include reporting on:

- (i) TNSP's ancillary services' costs
- (ii) changes to the level and pattern of network congestion
- (iii) differences in timing of TNSP network expenditure and
- (iv) changes to the level of interconnector capability,

where a TNSP deems the respective impacts on these above issues are material.

The ENA does not consider the inclusion of network losses to be either an efficient or meaningful outcome (see response to question 3 (b)).

Question 3: Details to be included in the impact assessment (continued)

(b) Are the proposed impacts to be included in the assessment appropriate, e.g. changes to the level and pattern of network congestion?

In relation to reporting on network congestion it is not clear as to the interpretation of the “level and pattern of congestion”. A pragmatic approach would involve TNSPs collating: the description and frequency of occurrences of relevant binding constraint equations; and the introduction of, or amendments/deletions to, constraint equations that result from the introduction of a new large generator. This would be restricted to constraint equations within the jurisdiction of the relevant TNSP.

In addition, the ENA does not consider the inclusion of network losses as part of the impact assessment to be an efficient outcome as the results are highly sensitive to particular generation and load patterns in a TNSP’s franchise area/jurisdiction during the given study period.

The ENA notes that AEMO already [publishes](#) data on marginal loss factors that may be of relevance.

The ENA considers it is appropriate for TNSPs to be permitted to concurrently publish a high-level Statement of Intent (or Disclaimer) with the proposed impact assessments. This would go some way to obviate potential situations where there might be some misunderstanding as to the appropriate use of the information provided in these impact assessments.

Question 4: (Assessment) Timeframe

(a) Is the 12-month period before and after the commissioning of a generator appropriate for assessing the impact of the generator connection upon the network?

The ENA considers the proposed 12-month period would be an appropriate timeframe. Going beyond the 12-month period, may undermine any analyses and may be impacted by different factors, other than the new large generator connection) that can sometimes be caused by factors beyond the direct control of TNSPs (e.g. generator bidding and market dispatch outcomes).

The ENA recommends that this matter be further clarified. The AEMC could adopt the following alternative approach to the proposed reporting period.

The assessments should occur for the 12 months before the first generating unit is connected to the transmission system, and for the period 12 months after the TNSPs have been notified by a *Registered Participant* under National Electricity Rules’ clause 5.8.5(c) that their commissioning test results demonstrate that a new or replacement item of equipment complies with the National Electricity Rules or the relevant *connection agreement* or both to the satisfaction of the relevant *Network Service Provider*.

Question 5: Implementation

(a) Do stakeholders agree with the date for implementing the proposed changes?

The ENA considers the AEMC’s proposed commencement date of 1 July 2017 as a suitable common-sense approach to have the proposed Large Generator connections registers in place for NEM TNSPs.

Question 6: Suggested amendments to the proposed rule

(a) Do stakeholders have any comments regarding the suggested possible amendments to the proposed rule?

In general, the ENA appreciates the AEMC's suggested clarifications on a number of the issues included in the Energy Council's original rule change.

The ENA supports the AEMC proposal that there be at least an annual update of the proposed register by 30 June of each year in line with TNSPs publishing the Transmission Annual Planning Report (TAPR), with the option for a TNSP to update the register more frequently.

The ENA considers the suggestion made by the AEMC at page 9 of the Paper to require TNSPs to publish the register, and any impact assessments, by the TAPR date that falls immediately after 18 months of the completion of the commissioning of the Large Generator connection is both a fair and unequivocal approach. In addition, having the information as appendices to the TAPR appears a worthwhile suggestion.

The ENA also agrees with the AEMC's proposal that in terms of ancillary services costs, that it be limited to changes in the costs of ancillary services specifically procured by the individual TNSP.

On the existing reference to maximum power generation capacity, the ENA concurs with the AEMC's suggestion at page 9, that it should replace that term with total nameplate rating capacity of all generating units [that comprises] the large generator connection.

(b) Are there any other amendments that stakeholders consider necessary?

The ENA seeks further AEMC clarification on the following issues.

(i) The intent of the impact assessment. The ENA considers that it should be made explicit that TNSP's should not have a *de facto* regulatory or compliance role in attributing certain outcomes, such as higher ancillary costs, to a particular (new) generator.

(ii) What the AEMC understands the "*detailed description of the methodologies or data used in quantifying each impact*" required in the proposed rule unambiguously means at page 4, and

(iii) Whether an impact assessment needs to be undertaken if a generator upgrades from below to above the threshold of 30 MW.

The ENA acknowledges that in Western Australia the current threshold is 10 MW. This issue may need to be separately addressed by the AEMC.