

12 September 2019

Mr John Pierce AO  
Chair  
Australian Energy Market Commission  
PO Box A2449  
Sydney South NSW 1235

Electronic Submission – ERC0257

## Draft Determination – Transparency of new projects

Dear Mr Pierce

Energy Networks Australia appreciates the opportunity to respond to the Australian Energy Market Commission's (AEMC) consultation on the Draft Determination – Transparency of new projects. This consultation combines three rule changes (from Australian Energy Council (AEC), Australian Energy Market Operator (AEMO) and Energy Networks Australia) intended to increase transparency of generators connecting to the electricity system.

Energy Networks Australia is the national industry body representing Australia's electricity transmission and distribution and gas distribution networks. Our members provide more than 16 million electricity and gas connections to almost every home and business across Australia.

This response is on behalf of Energy Networks Australia's transmission members.

Changes to the energy generation mix in the Nationally Electricity Market (NEM) have led to a significant increase in new generation projects seeking to connect to the network, particularly over the last two years. Transmission Network Service Provider (TNSPs) are currently processing an unprecedented level of connection activity. As a result, the connection process often involves multiple proponents seeking to connect in similar locations but moving along different timeframes. This makes the assessment of technical requirements, connection, network and system planning processes more complex. In addition, it is important to note that TNSPs currently hold a notable volume of *key connection information* from applications in train that have been initiated over this period of rapid change.

In light of the extent of new connection activity experienced by TNSPs and the overwhelming support for the rule changes by stakeholders, Energy Networks Australia supports arrangements that enable the expected benefits of increased transparency of new projects on the transmission network to be maximised to the

greatest extent and as soon as possible. This is also driven by Energy Networks Australia's support for an approach that facilitates more efficient and optimal network outcomes at a lower cost to consumers.

From this perspective, Energy Networks Australia makes the following key points in response to the Draft Determination:

- » **Guideline implementation timeframes – Commencement of information provision** - Energy Networks Australia supports the proposed arrangements for *key connection information* for each project to be included on AEMO's Generator Information Page (GIP) supported by the Generator Information Guidelines (Guideline). The proposed 4-month transitional period appears to unnecessarily delay the commencement of new information provision arrangements that are overwhelmingly sought by market participants and limits the potential benefits of increased transparency being realised as soon as possible. Energy Networks Australia supports transitional arrangements that allow earlier provision of information. This could be achieved through interim Guidelines limited in scope to *key connection information* provision by TNSPs released on commencement pending final Guidelines to be developed at a later date.
- » **Up-to-date and complete information provision to market participants** – Given the level of activity of generator connections, it is important to provide as up-to-date information as possible to the market. For the intended benefits of the rule change to be fully realised, the new transparency arrangements need to extend to *key connection information* already held by TNSPs prior to the rule commencement date to avoid potential risks of decisions informed by incomplete information. The Energy Networks Australia rule change request proposed transitional arrangements that sought to improve the completeness of data accessible to market participants by allowing *key connection information* which is not commercially sensitive to be disclosed prior to the rule commencement date if the information had been disclosed in the TNSP's last Transmission Annual Planning Report (TAPR) or with the connection applicants' consent.
- » **Regulatory efficiency opportunities** - Stakeholders supported a 'one stop shop' for data and the TNSPs providing the connection applicants' information to AEMO. The obligation to provide this data in the TAPR and updates on the TNSPs websites in the Australian Energy Regulator's (AER) TAPR Guideline should be removed. This would align with the objectives of the GIP operating as a 'one stop shop' for the market including addressing risks of information duplication and potential inconsistencies in detail, potential breaches of confidentiality and would reduce unnecessary administrative burden on TNSPs.

Energy Networks Australia has provided more detailed comments on these points in the Attachment.

Energy Networks Australia looks forward to further consultation on the development of the Guideline and welcomes the opportunity to work with AEMO to achieve a more timely effective date and improve the quality of the GIP. A more timely effective date will allow earlier realisation of tangible benefits for all market participants connecting to the transmission network, including customers.

Should you have any queries on this response please feel free to contact Verity Watson, [vwatson@energynetworks.com.au](mailto:vwatson@energynetworks.com.au).

Yours sincerely,



Andrew Dillon

Chief Executive Officer

## Attachment

### *Introduction*

Energy Network Australia's rule change proposal sought to allow TNSPs to publish basic connection information received from valid connection enquiries and applications in their TAPRs and on their websites in between TAPR publications<sup>1</sup>. The Draft Determination proposes a different approach to facilitate the provision of information to market participants. The Draft Determination:

- » **Generator Information Page (GIP)<sup>2</sup> and Guidelines** – requires AEMO to regularly update/publish its GIP on existing and proposed connections and develop and maintain Guidelines that set out the content requirements, process for updates, manner, timing and form of information to be provided by TNSPs to AEMO for the GIP;
- » **TNSPs** - requires TNSPs to share *key connection information* received from connection enquiries and applications with AEMO to include in the GIP in accordance with the Guidelines;
- » **Connection applicants** – requires connection applicants to update TNSPs of any material changes to *key connection information* provided since making a connection enquiry or application (load or generation);
- » **Developers** - facilitates greater access to system information for developers that sell grid scale assets prior to connection by allowing them to register as intending participants.

The AEMC proposes that TNSPs will be required to provide *key connection information* to AEMO from 20 February 2020 and may do so sooner with the consent of the connection applicant for information obtained after the commencement date (30 October 2019) under proposed transitional arrangements<sup>3</sup>.

An objective of the draft rule is to increase transparency to make market participants better informed so they have greater capacity to make more up-to-date planning and investment decisions to help all connecting parties reach more optimal project outcomes and enable connection proponents to coordinate their connections if they choose to (e.g. in relation to system strength remediation) . To achieve this objective, market participants need access to current information that provides a more complete picture of the proposed activity in the NEM based on information that is currently available and efficient to access.

Energy Networks Australia supports information provision arrangements that involve TNSPs providing *key connection information* to AEMO to be published on the GIP provided that information can be shared by TNSPs as soon as practicable and extend

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<sup>1</sup> Energy Networks Australia, TNSP Confidentiality Exclusion Rule Change Request, 15 March 2019, Annexure A – Proposed Rule drafting, p19.

<sup>2</sup> The GIP reports information on the capacity of existing, withdrawn, committed and proposed generation projects in the NEM.

<sup>3</sup> *Draft National Electricity Amendment (Transparency of new projects) Rule 2019*, 11.11[7].4(d), p9.

to information received by TNSPs prior to commencement of rule (31 October 2019). Energy Networks Australia considers this can be achieved if supported by transitional arrangements that facilitate early information provision while limiting unreasonable administrative burden on TNSPs and limiting the retrospectivity application to address any concerns of confidentiality.

***Transitional arrangements - Earlier finalisation of the initial Generator Information Guideline to enable earlier benefits***

The draft rule proposes that TNSP information provision obligations will commence 20 February 2020 following the publication of the first Guidelines by AEMO<sup>4</sup>. It is proposed that around 4-months is needed for AEMO to develop and consult on the initial Guideline. AEMO did not provide any comments on transitional arrangements in its rule change proposal. In its submission to the consultation paper, AEMO noted it could achieve a quarterly publication frequency for the GIP without the need for major new internal systems and processes<sup>5</sup>. Other than AEMO noting minimal implementation requirements, transitional arrangements were not raised by any stakeholders in submissions to the consultation paper. The basis for Energy Networks Australia proposing the rule change was in part in response to connection applicants seeking this greater transparency from TNSPs.

In light of these considerations, the proposed 4-month transitional period appears to unnecessarily delay the commencement of new arrangements that are overwhelmingly sought by market participants and limits the potential benefits of increased transparency being realised as soon as possible.

Energy Networks Australia notes AEMC's proposal that the amended consultation procedure is to apply to the development of Guidelines to allow for the rule to be implemented more quickly. However, if the data requirement is limited to the *key connection information*, specifically name of proponent, type of plant, site location, maximum power generation, forecast completion date and technology type, the only matters to be agreed are format, frequency of updates and manner of data provision by TNSPs. Energy Networks Australia suggests this work could commence prior to the final rule and run in parallel with AEMO's other activities allowing the Guideline to be finalised earlier than the proposed effective date. Subject to the TNSPs obligations being limited to the *key connection information*, Energy Networks Australia supports the proposed 2 weeks to prepare for information provision to AEMO.

Energy Networks Australia welcomes further engagement with AEMO and AEMC to develop an interim Guideline to facilitate TNSPs being able to provide *key connection information* to AEMO to publish the data earlier than the proposed effective date (20 February 2020).

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<sup>4</sup> Draft National Electricity Amendment (Transparency of new projects) Rule 2019, 11.11[7].4(c).

<sup>5</sup> Draft rule determination, Transparency of New Projects, AEMC, 1 August 2019, 5.2.2 Information provision for new projects, p44.

### ***Transitional arrangements – Provision of key connection information prior to the commencement date***

The draft rule provides information provision obligations on TNSPs to provide *key connection information* to AEMO for inclusion on the GIP. The draft rule transitional arrangements limit the information provision arrangements to *key connection information* received by TNSPs after the proposed *commencement date* (31 October 2019). Energy Networks Australia is supportive of information provision by TNSPs to AEMO for inclusion on the GIP, however, the transitional arrangements limit the objectives of the rule change being achieved and the expected benefits of increased transparency that stakeholders overwhelmingly support being realised to the greatest extent.

As outlined in Energy Networks Australia rule change proposal, there has been a substantial increase of enquiries in the NEM over the last two years resulting in TNSPs retaining *key connection information* on a number of connection applications received over that period<sup>6</sup>. For the intended benefits of the rule change to be fully realised, the new transparency arrangements need to appropriately extend to information obtained by TNSPs prior to the rule commencement date. This would allow the GIP to provide a more up-to-date representation of proposed activity in the NEM which will assist market participants to make more optimised connection investment and planning decisions than would otherwise be the case if pre-commencement date data is not taken into account.

The AEMC does not support the Energy Networks Australia's proposed transitional arrangements on the basis that connecting parties provided information to TNSPs with the expectation the information would be subject to confidentiality. Given the overwhelming support for the rule change, Energy Networks Australia is not aware of any specific concern regarding retrospectivity with consent. Energy Networks Australia therefore supports further consideration of retrospectivity of *key connection information* provision as proposed in the Energy Networks Australia rule change request.

The Energy Networks Australia rule change request proposed transitional arrangements to allow TNSP information provision obligations to extend to valid connection enquiries/applications received prior to the commencement date but limited to information published in TNSPs' last TAPRs. This was intended to address potential concerns about retrospective application of new arrangements and limit TNSP administrative burden by limiting the application of the new arrangements to information already in the public domain or otherwise only released with consent. This approach is consistent with current confidentiality exceptions in the Rules (public domain and consent exceptions) and seeks to ensure more complete and up-to-date information is accessible to market participants to better inform decisions that can lead to optimal outcomes for proponents, TNSPs and AEMO and which ultimately benefit customers.

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<sup>6</sup> Energy Networks Australia, *TNSP Confidentiality Exclusion Rule Change Request*, 15 March 2019, p 7.



TNSPs will have a range of in-flight valid connection enquiries and applications prior to the *effective date*. If the connection proponent has not provided consent to the provision of early *key connection information* and the applicant updates the TNSP on any one piece of the *key connection information* after the *effective date*, the TNSP should be able to provide all the *key connection information* on the project to AEMO and the project should no longer be subject to confidentiality for the *key connection information*. The draft rules should make this clear regardless of whether the connection enquiry or application was in flight at the commencement date or at the effective date.

It is important to facilitate optimal outcomes in the short term while broader work programs and longer-term reforms with related objectives are still being considered. A final rule that ensures new information provision arrangements allow the potential benefits of increased transparency to be realised as soon as possible and to the greatest degree is likely to best meet the National Electricity Objective. For instance, the draft rule removes existing barriers that may enable generators to coordinate with each other and may assist market participants in assessing projects including assessment of marginal loss factors and congestion considerations pending the outcome of the *Coordination of Generation and Transmission Investment Review* and Post 2025 Market Design of the NEM Project.

#### ***Efficient regulation – Remove Transmission Annual Planning Report (TAPR) connection data publishing obligations***

The AER's TAPR Guidelines require TNSPs to publish new generator connection data. Due to the confidentiality implications the AER concluded in its Final Decision that the data could only be published as aggregated, unidentified data for 3 or more generator connections<sup>7</sup>.

Removal of these obligations in the TAPR would align with the objectives of the GIP operating as a 'one stop shop' for the market including addressing risks of information duplication and potential inconsistencies in detail and would reduce the administrative burden on TNSPs.

As a consequence of these changes, there should also be additional transitional requirements applicable to the AER to remove section 4.3 and corresponding website publication obligations in section 4 of the TAPR Guideline. Energy Networks Australia welcomes the opportunity to work with the AER to facilitate the new generator connection data TAPR requirements to be removed prior to June 2020 when the next TAPR is due.

#### ***Generator Information Page Guideline - Clarification of scope of obligations to TNSPs***

The draft rule proposes that AEMO must develop and maintain Guidelines which must include the scope and type of information to be included on the GIP, intervals for

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<sup>7</sup> AER, *Final decision, Transmission annual planning report guidelines*, December 2018, pp5-6

updates and the manner, timing and form in which *key connection information* is provided by Network Service Providers (NSPs) to AEMO<sup>8</sup>.

The Energy Networks Australia rule change proposal related to *key connection information* only for generator or load connections. The drafting of 3.7F (d) (1) is unclear what additional scope, types of information and which parties may have the obligations to provide the information, if any. This additional data and variable scope have not been justified in the rule change consultation process. To avoid confusion, the TNSP obligations in the Guideline in rule 3.7F (d) should be limited to 3.7F (d) sub clause (2) and (3). Either sub clause (1) should be removed or the additional data requirements and the parties who have the obligations in subclause (1) should be clearly specified and explicitly state that it does not include TNSPs.

A primary objective of the draft rule is to facilitate TNSP *key connection information* provision to AEMO through the GIP. To avoid confusion and unnecessary delays to that outcome, any potential additional information provision obligations that may apply to market participants other than TNSPs should be introduced at a later date and following commencement of the rule, subject to appropriate consultation procedures.

#### ***Information provision obligations apply to TNSP – Clarification of obligation***

Energy Networks Australia acknowledges the AEMC considers the information provision requirements imposed on TNSPs should not be extended to Distribution Network Service Providers (DNSPs)<sup>9</sup>. The draft rules refer to NSPs which includes both distribution and transmission network service provider<sup>10</sup>. To avoid confusion, Energy Networks Australia suggest that the Final Rule should be aligned to the Draft Determination and explicitly refer to TNSPs.

If there was any desire to extend the obligation to DNSPs, a significant amount of work would need to be undertaken before proceeding to address a range of issues, including but not limited to the benefits and costs being highly dependent on the type of network (e.g. rural versus urban).

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<sup>8</sup> *Draft National Electricity Amendment (Transparency of new projects) Rule 2019, 3.7F (d)*, p5.

<sup>9</sup> AEMC, *Draft rule determination, Transparency of New Projects*, 1 August 2019, p41.

<sup>10</sup> *Draft National Electricity Amendment (Transparency of new projects) Rule 2019, 3.7 F (d), 5.3.8(d1), 11.11[7].1, 11.11[7].4 (c) and (d)*.