

25 January 2024

Anna Collyer
Chair
Australian Energy Market Commission
GPO Box 2603
Sydney NSW 2001

Ref: ERC0369

Dear Ms Collyer,

AEMC Improving the workability of the feedback loop, Draft Determination

Energy Networks Australia (ENA) welcomes the opportunity to make this submission in response to the Australian Energy Market Commission's (AEMC) Draft Determination on improving the workability of the feedback loop.

ENA represents 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.

ENA supports the purpose of this rule to support the timely and efficient delivery of transmission infrastructure to deliver benefits to customers and offers the following specific input.

ENA supports the feedback loop assessments against the most recent draft or final ISP

ENA supports the intent of the proposed rules to clarify that the feedback loop can be assessed against the most recent draft or final Optimal Development Path (ODP), noting that the final Integrated System Plan (ISP) is still available or valid until the next draft ISP is released.

ENA supports the TNSP discretion to operate the feedback loop and CPA in sequence or in parallel

ENA supports the inclusion of Transmission Network Service Provider (TNSP) discretion to allow the feedback loop and contingent project application (CPA) process to operate in parallel, with the feedback loop determination concluding first. Equally, ENA supports that a TNSP could seek a feedback loop request prior to the CPA and the Australian Energy Market Operator (AEMO) has time limits to respond which should enable a response prior to the CPA application.

ENA does not support a feedback loop exclusion window

Projects need to be able to progress in a timely manner. Enabling exclusion windows that, by default, block 5-6 months every second year is not practical, would create unnecessary administrative burden and could result in project delays. Transmission is an important enabler of connecting more renewable capacity and reducing emissions.

It is important that transmission processes are timely and efficient, allowing the relevant TNSP and AEMO to keep the project moving. The original intent of the feedback loop was a simple check that the project, based on the most recent cost estimates, is still on the ODP. Indeed, there are foreseeable circumstances where AEMO may have a high degree of certainty, without the need for extensive remodelling, that an ISP project remains on the ODP.

ENA understands the challenge for AEMO when feedback loop requests are received in the period between the final Inputs, Assumptions and Scenarios Report and draft ISP. ENA considers a fit for purpose solution to this issue is:

- » TNSPs can submit feedback loop requests at any time noting there is always a final or draft ISP and ODP available, and AEMO has discretion to respond to feedback loop requests at any time.
- » Timing of the feedback loop process should be by agreement between the TNSP and AEMO.

This flexibility can be accommodated under the rules, without the need to amend the Cost Benefit Analysis (CBA) Guidelines.

ENA would also strongly support AEMO responding to requests in a more timely manner where possible, rather than the 40 business days with a possible 60 business day extension. ENA cautions on timeframes that could lead to a 5 month wait for a response. We would support any further efforts within the rules to ensure the timeliness of AEMO's response.

A PACR exclusion window is not required

Question 1: Do you consider that a PACR exclusion window is required to reduce the risk of misalignment between the RIT-T and ISP?

ENA suggests that it would be prudent to maintain flexibility and not lock in a Project Assessment Conclusions Report (PACR) exclusion window. Exclusion windows may unnecessarily delay the delivery of critical ISP projects, especially if remodelling is not required.

Given a codified exclusion window is not required, ENA consider the CBA Guidelines do not need to be updated in this regard.

ENA supports the transitional rules

Question 2: Are the transitional rules appropriate? We are interested in stakeholder views on whether the transitional rules are appropriate.

ENA supports the transitional rules in relation to feedback loop requests prior to or after the commencement of these rules. ENA seeks clarification in the final determination that any feedback loop assessment undertaken after the rule is made will be considered under the new rule. This includes where a project previously assessed under the old rules is reassessed following cost escalation or a material change in circumstance.

Application of the draft rules in the Northern Territory

ENA notes that the AEMC suggests the draft rules should be made in the Northern Territory (NT) also, however ISP clause 5.22 exists in the NT rules and doesn't apply and similarly clause 5.16A applies in the NT but is linked to actionable ISP projects. Any drafting amendments need to be considered in the context of the NT rules in consultation with the jurisdiction and Power and Water.

ENA looks forward to the Final Determination. In the meantime, if you would like to discuss this submission, please contact Verity Watson (vwatson@energynetworks.com.au) in the first instance.

Yours sincerely



Dominique van den Berg
Chief Executive Officer