

16 January 2024

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

Ref: ERC0375

Dear Anna,

Calculation of System Strength Quantity - Draft determination

Energy Networks Australia (ENA) welcomes the opportunity to make this submission in response to the Australian Energy Market Commission's (AEMC's) Draft Determination on the Calculation of the System Strength Quantity (SSQ).

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 fast tracking this Rule change to promote efficient system strength decisions by connection proponents

ENA appreciates the AEMC's efforts to fast-track this Rule change request and the simpler, more preferable Rule drafting.

The original intent of the Efficient Management of System Strength Rule was to provide connection applicants with a reasonable choice between self-remediating their general system strength impact or contributing to the cost of system strength services provided by the relevant Transmission Network Service Provider (TNSP). The intent of the system strength framework is to encourage connecting parties to make efficient decisions regarding their system strength impacts. Without this Rule change, SSQs calculated for the determination of system strength charges could be overstated, which in turn artificially biases proponents' decisions in favour of self-remediation. ENA supports the proposed amendments to the National Electricity Rules (NER) in relation to SSQ, which is required to 'level the playing field' between the two options.

ENA supports fast tracking any guideline amendments needed to enable implementation by 1 July 2024

ENA supports giving priority to this Rule and any updates to Guidelines needed to ensure networks and connection applicants have certainty to implement the system strength framework and ensure the faster transition to a lower emissions future. ENA strongly support the Final Rule being effective no later than 1 July 2024, accompanied by a requirement for the Australian Energy Market Operator (AEMO) to consult on an updated System Strength Impact Assessment Guideline (SSIAG) to be published by

30 June 2024. ENA welcomes AEMO starting this consultation process prior to the Final Rule being made or utilising the already updated SSIAG of 6 June 2023. ENA note that the AEMC considers the timeframes are workable if AEMO adopts a fast-track or non-material change process.

Providing clear transitional arrangements will facilitate efficient and consistent implementation of the system strength framework. If the 6 June 2023 SSIAG can continue to be used after the Final Rule is made, the effective date for the new Rule can be the same as the commencement date. This would also better align to the Australian Energy Regulator's (AER's) letter of 5 September 2023 to ENA enabling SSSPs to depart from clause 6A.23.5(j) until the AEMC makes the Final Determination.

Application in the Northern Territory

The AEMC suggests the Rule should apply in the Northern Territory. ENA recommends that the AEMC work with Power and Water to develop workable drafting for the Northern Territory, as not all of the Rule chapters in this Draft Rule apply in the Northern Territory. Furthermore, the changes would be made to Chapter 6 and not Chapter 6A.

ENA also has a few drafting queries to improve clarity and consistency that are set out in the **Attachment**. We would be happy to discuss these suggestions with the AEMC.

We look 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

Attachment

| Rule number | Rule | ENA suggestion |
|----------------|--|--|
| 5.3.4B(a2)(2A) | (2A) unless under paragraph (a3) the Network Service Provider is not required to calculate the system strength locational factor, calculate, in accordance with the system strength impact assessment guidelines, the indicative system strength quantity to be notified under clause 5.3.3(b5)(3) | Suggest this could be more simply drafted, clearer (2A) calculate the indicative system strength quantity to be notified under clause 5.3.3(b5)(3) in accordance with the system strength impact assessment guidelines, unless the Network Service Provider is not required to calculate the system strength locational factor under paragraph (a3) |
| 11.xxx.5(c) | (c) The Network Service Provider must within 10 business days after the effective date, notify the Connection Applicant for the existing application to connect of the opportunity to change its election by giving a notice in accordance with paragraph (c). | Suggest it should instead refer to paragraph (b) |